



Daily Report

China

FBIS-CHI-93-088
Monday
10 May 1993

Daily Report

China

FBIS-CHI-93-088

CONTENTS

10 May 1993

NOTICE TO READERS: An * indicates material not disseminated in electronic form.

INTERNATIONAL AFFAIRS

General

Article Views Sino-U.S. Trade, DPRK Ties [Hong Kong HSIN PAO 7 May]	1
Article Discusses U.S. Aid for Russia's Economy [SHIJIE ZHISHI 16 Apr]	3
Report Examines U.S.-Japanese Trade Ties [Beijing International]	4
Singapore Prime Minister on Official Japan Visit	5
Issues, Ties Viewed [XINHUA]	5
Urges Japan, PRC, U.S. Cooperation [XINHUA]	5
Jiang Reiterates Backing for Olympic Bid [XINHUA]	6
Jiang Declares East Asian Games Open [XINHUA]	6
Chen Xitong Welcomes IOC President to Shanghai [XINHUA]	6
Jiang Zemin Meets Samaranch [XINHUA]	6
Jiang, Song Jian Meet Environment Representatives [XINHUA]	7
China UN Association Gives Views on Environment [XINHUA]	7

United States & Canada

Preparations for Decision on MFN Issue Reported [Hong Kong MING PAO 10 May]	8
Deng Advises Using Trade To Solve MFN Issue [Hong Kong CHING PAO 5 May]	8
LIAOWANG Article Warns U.S. on MFN Status [XINHUA]	9
Sino-U.S. Committee Chairman on MFN, Trade [Beijing Radio]	10
U.S. Firms 'Vigorously Lobbying' on MFN Renewal [XINHUA]	10
Commentary on Clinton's Efforts to Reduce Deficit [Beijing Radio]	11

Northeast Asia

Nuclear 'Dispute' Causes Inter-Korea Trade Decline [XINHUA]	12
DPRK Newspaper Calls For Talks on Nuclear Dispute [XINHUA]	12
Pyongyang Reports Korean Border Shots Accidental [XINHUA]	12
Party Workers' Delegation Leaves for Pyongyang [XINHUA]	13
New Qingdao-Inchon Shipping Line Formally Opened [Jinan Radio]	13

Southeast Asia & Pacific

Defense Minister Leaves for Various Asian Nations [XINHUA]	13
SRV Visit Bid 'To Improve' Ties [Tokyo KYODO]	13
'Worsening' Situation in Cambodia Viewed [Beijing International]	13
DK Spokesman's 7 May News Conference Reported [Beijing International]	14
XINHUA Corrects Item on Cambodian Talks	14
Singapore's Lee Kuan Yew To Visit Jiang, Li Peng [XINHUA]	14
Singapore Deputy Prime Minister's Visit Reported	15
Zhu Rongji on 'Fruitful' Cooperation [XINHUA]	15
Joint Venture Deal Signed [XINHUA]	15
Reportage on Li Guixian Activities in Singapore	15
Calls on Prime Minister [XINHUA]	15
Visits Lee Kuan Yew [XINHUA]	15
New Zealand Prime Minister Comments on Ties [XINHUA]	16
Liaoning Governor Meets Papua New Guinea Official [LIAONING RIBAO 26 Apr]	16

Near East & South Asia

Reports on Visit by Pakistani Naval Staff Chief	16
Talks With Chi Haotian [XINHUA]	16
Meets Liu Huaqing [XINHUA]	17
Islamabad Radio on Meetings	17

Sub-Saharan Africa

Jiang Zemin Receives Zimbabwean President Mugabe [XINHUA]	17
Zhu Rongji Meets Mugabe [XINHUA]	18
Mugabe Tours Shenzhen [XINHUA]	18
Zimbabwe To Strengthen Economic, Trade Relations [XINHUA]	18

West Europe

Reportage on Qian Qichen's Visit to Italy	19
Meets Italian President [XINHUA]	19
Talks With Foreign Minister [XINHUA]	19
Sees Prime Minister [XINHUA]	19
Supreme People's Court Member Leaves for Turkey [XINHUA]	20
Shandong Vice Governor Receives Swiss Delegation [Jinan Radio]	20

Latin America & Caribbean

NPC's Ni Zhifu Talks With Mexican Group [XINHUA]	20
NPC's Tian Jiyun Meets Uruguayan Delegation [XINHUA]	20
CPPCC's Wu Xueqian Meets Peruvian Visitors [XINHUA]	20
Argentine Ambassador to China Visits Shandong [Jinan Radio]	20
Envoy Presents Credentials to Bolivian President [XINHUA]	20
Paraguayan Deputy Foreign Minister Interviewed [XINHUA]	21

NATIONAL AFFAIRS

Political & Social

Measures Against 'Student Unrest' Ordered [Hong Kong SOUTH CHINA MORNING POST 10 May]	22
Leftists Preparing 'To Crack Down On' New Rich [Hong Kong THE STANDARD 8 May]	22
Li Peng Enters 3d Week Out of Public View [AFP]	23
CYL National Congress Held in Beijing	23
Elects Central Committee [XINHUA]	23
Li Peng Replies to Gansu Letter [XINHUA]	23
Leaders' Discussion With Delegates [XINHUA]	24
Cadre Advocates Party, Government Integration [JINGJI CANKAO BAO 19 Apr]	24
Circular Bans Accepting Money, Securities Gifts [XINHUA]	25
Commentator on Corruption, Gifts [RENMIN RIBAO OVERSEAS EDITION 8 May]	26
Beijing Secrecy Bureau's New Publishing Rules [ZHONGGUO TONGXUN SHE]	27
State Security Legal Work Meeting Closes [XINHUA]	27
Zhao Ziyang Seen Playing Golf in Beijing [Taipei Radio]	28
Shanxi Police Chief Jailed for Fatal Beating [AFP]	28
Li Peng Inscribes for Reading Campaign in Mar [Beijing TV]	28
READERS' DIGEST Magazine To Change Name [XINHUA]	28
'English Name' Change for State Radio Explained [XINHUA]	29
Guangxi Airs TV Serial 'Zhou Enlai' [XINHUA]	29

Economic & Agricultural

Beijing To End Grain, Edible Oil Rationing [XINHUA]	29
Wang Zhongyu on Jan-Apr Economic Situation [XINHUA]	29
State Enterprise Wage Reform To Deepen [XINHUA]	30
Economist on Illegal Transfer of Public Assets [LIAOWANG 12 Apr]	31

Leaders Seeking Consensus on Economic Situation [Hong Kong WEN WEI PO 9 May]	33
State Cuts Continue Decline in Nonfarm Jobs [CHINA DAILY (BUSINESS WEEKLY) 9-15 May]	34
Foreign Investment 'Inefficiency' Prompts Restudy [CHINA DAILY (BUSINESS WEEKLY) 9-15 May]	34
Warning on Over Optimism on 'Asian-Pacific Era' [CHINA DAILY 8 May]	35
Foreign-Bound Fake, Shoddy Products Decried [XINHUA]	36
State Council Circular on Raising Funds [XINHUA]	36
Economist on Causes of Inflation Pressure [JINGJI RIBAO 3 May]	38
Preferential Policies Boost Private Economy [XINHUA]	39
Article on Current Speedy Economic Growth [JINGJI YANJIU 20 Jan]	39
Economist on Market Economy, Common Prosperity [NANFANG RIBAO 12 Apr]	43

REGIONAL AFFAIRS

East Region

Nanjing Self-Employed Said Overburdened by Fees [ZHONGGUO TONGXUN SHE]	47
'Sharp' Rise in Urban Jiangsu Private Savings [XINHUA]	47
Shandong Relaxes Controlled Commodities Approval [Jinan Radio]	47

Southwest Region

Tibet Party Official on Economic Situation [Lhasa Radio]	48
Yunnan Elects Governor, Congress Chairman [Kunming Radio]	49

North Region

Hebei Reports Serious Drinking Water Shortage [HEBEI RIBAO 24 Apr]	49
Hebei Secretary Urges 'Striving for Development' [HEBEI RIBAO 23 Apr]	50

Northwest Region

Gansu Governor on Changing Operational Mechanism [Lanzhou Radio]	51
Shaanxi Secretary on Provincial Economic Work [Xian Radio]	51

TAIWAN

Intellectual Property Rights Guidelines Released [Taipei Radio]	53
Dalai Lama's Brother Concludes Visit [CNA]	53
KMT Official on Mainland Political Reform [AFP]	53
Jiang Zemin Meets Taiwan Legislators [CHUNG KUO SHIH PAO 10 Apr]	54
PRC Financial Links To Follow Government Line [CNA]	55
Poll Views Mainland Influence, Domestic Issues [CNA]	55
Colombia Opens Trade Office in Taipei [CNA]	56
South Africa To Continue Port Operations [CNA]	56
Government Reiterates Commitment to Whaling Ban [CNA]	56
Labor Shortage Hits Manufacturing Industries [CNA]	57
President Commissions 1st Indigenous Frigate [CNA]	57

HONG KONG & MACAO

Hong Kong

TA KUNG PAO on Patten's U.S. Visit	58
Media Pays Little Attention [Hong Kong 8 May]	58
Policy 'Serious Challenge' [Hong Kong 9 May]	58
PLA Reportedly Investing in Hong Kong Land [Hong Kong THE STANDARD 8 May]	59
NPC Vice Chairman on Preliminary Work Organ [Hong Kong WEN WEI PO 7 May]	60
Controls Stepped Up on 'Back-Door' Listings [Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) 8 May]	60
Anticorruption Force To Train PRC Officials [Hong Kong SOUTH CHINA MORNING POST 10 May]	61

General

Article Views Sino-U.S. Trade, DPRK Ties

HK0705122893 Hong Kong HSIN PAO in Chinese
7 May 93 p 22

[Article from the "Beijing Political Situation" column by Jen Hui-wen (0117 1979 2429), written in Beijing on 4 May: "Inside Stories About the Sino-U.S. Trade War and Strained PRC-DPRK Relations"]

[Text] Since 1989, due to an expanding unfavorable Sino-U.S. trade balance and the 4 June incident, the United States has attached such conditions as a reduction in the unfavorable Sino-U.S. trade balance, the improvement of human rights conditions, as well as control of arms sales, to its annual renewal of China's Most Favored Nation [MFN] trade status. As a result, each year China has had to take measures to try to influence the U.S. Congress and the Bush administration with a view to securing a final decision on the unconditional renewal of its MFN status. However, since Bill Clinton replaced George Bush as U.S. President, the popular view has been that Clinton's position on the issue will be different from that of Bush.

Winston Lord, nominee for the post of U.S. Assistant Secretary of State for East Asian Affairs, recently stated: It is almost certain that this year the United States will renew China's MFN status with strings attached. Later on, U.S. Senate Democratic leader George Mitchell and California Democratic Congresswoman Nancy Pelosi put forward bills on renewing China's MFN status with strings attached. The conditions to be attached to China's MFN status as listed in their proposed bills have for the first time included the Tibet question and the Hong Kong question. Both of them claimed that their bills enjoy "full understanding and support" from the Clinton administration. It is crystal clear that among the conditions to be attached, all are political issues, except for the unfavorable trade balance issue, which is definitely an economic issue. The aforementioned conditions will undoubtedly make this year's Sino-U.S. trade war more political and more complex. Is it still possible to have this problem resolved? Let us first look at an unpublicized dialogue between Chinese and U.S. politicians.

The United States Has Brought Pressure To Bear on China

According to sources in Beijing, during his recent visit to China in early April, former U.S. President Richard Nixon, who opened the door of Sino-U.S. relations in 1972, relayed to Chinese State President Jiang Zemin a three-point view expressed by U.S. President Bill Clinton. Clinton wants China to persuade North Korea [DPRK] to return to the Nuclear Nonproliferation Treaty. The three points are: 1) The United States hopes that China will make use of its traditional friendship with the DPRK to persuade the DPRK to return to the Nuclear Nonproliferation Treaty. (The DPRK announced its decision to withdraw from the treaty on 12 March. The DPRK's withdrawal will come into effect on 12 June.) 2) Should China's

efforts prove futile, the United States would put forward a motion in the United Nations after 12 June calling for sanctions against the DPRK. The United States hopes that China will offer cooperation in this respect (which means that China should abstain from voting rather than veto any UN resolution in this regard). 3) Should China fail to cooperate, the United States will not renew China's MFN status.

Jiang Zemin gave specific replies to Clinton's "view": 1) China adheres to economic construction as the center, hopes to live in a stable international environment, and wants, especially, to establish good-neighborly relations with all neighboring countries. China has made persistent efforts to help maintain peace and stability on the Korean peninsula and try to turn the Korean peninsula into a nuclear-free zone. China will continue doing so in future. 2) China hopes that all parties concerned will help the DPRK and South Korea [ROK] settle the issue through negotiations rather than add fuel to the flames. China believes that should sanctions be imposed, there would certainly be more negative reaction. Especially, the U.S. interests in the Far East would certainly be jeopardized. During contacts with the DPRK, China has found that there are measures better than sanctions in resolving the problem. The DPRK hopes to hold direct talks with the United States because the DPRK knows that the United States has deployed strategic nuclear weapons in the ROK. Should the United States agree to sign a document with the DPRK which states that the United States will withdraw nuclear weapons from the ROK and will never redeploy nuclear weapons in the ROK, the DPRK would return to the Nuclear Nonproliferation Treaty at once and destroy all its nuclear research facilities as well. The DPRK undertakes to keep the document the United States signs secret and will not make it public unless it is violated by the United States. 3) China maintains that trade issues should be resolved only by trade means. Trade should not be linked with human rights, arms sales, the question of Hong Kong, and even the Korean peninsula question. The key problem in Sino-U.S. trade relations remains the unfavorable trade balance. To resolve the problem, China has recently dispatched a large U.S.-bound purchase delegation headed by Gan Ziyu, State Planning Commission vice minister.

People in Beijing's trade circles maintained that Jiang Zemin's reply was neither supercilious nor obsequious and was reasonable and honorable. Originally, MFN is an agreement for providing equal trading opportunities to parties concerned on the basis of mutual benefit and equality in terms of state sovereignty. MFN is neither aid nor a bestowed favor. The Clinton administration's insistence on turning trade into a political issue, and even linking MFN with the issue of the DPRK, shows that the so-called "free trade," "separation of political issues from economic issues," and some other concepts advocated by the United States are nothing but propaganda. Any conditional renewal of China's MFN status will certainly not be accepted by China. Nevertheless, China will still continue to make conscientious efforts to try to dissolve U.S.

pressure. China's main strategy for tackling the unfavorable Sino-U.S. trade balance still remains unchanged: To send more large-scale purchasing delegations to the United States and do more business with U.S. consortia so that U.S. consortia that benefit from Sino-U.S. trade will influence the Clinton administration and urge it to unconditionally renew China's MFN status.

Kim Il-song Was Resentful of the Establishment of Diplomatic Ties Between China and the ROK

The informed source said: Making the Korean peninsula a nuclear weapon-free zone and preserving peace and stability on the peninsula has been China's consistent policy. To ease the tension on the peninsula and in Northeast Asia, China established formal diplomatic ties with the ROK on 24 August of last year. For this, China had to bear various kinds of pressure from the DPRK, a pressure few people know of. China, however, made a restrained response to the pressure.

China had originally planned to establish diplomatic relations with the ROK after the DPRK had established diplomatic relations with Japan and improved its relations (rather than establishing diplomatic ties) with the United States. But DPRK leader Kim Il-song insisted that the DPRK will not establish diplomatic ties with Japan until Japanese militarists admit their guilt and Japan makes war reparations for damage done to Korea. China had repeatedly pointed out the advantages and disadvantages of such a policy, but the DPRK turned a deaf ear to China's advice. Accordingly, China established diplomatic relations with the ROK last year. Though China established diplomatic ties with the ROK after both the ROK and DPRK were admitted to the United Nations simultaneously and after Kim Il-song proposed that the Korean people achieve reunification of their motherland on the principle of "one nation, one state, two systems, and two governments," when China's President Yang Shangkun told him in June of last year during a visit that China was to establish diplomatic ties with the ROK, he was furious, saying that he little expected that China would have gone that far.

Yang Shangkun told him that China would continue to help the DPRK with its economic construction after establishing diplomatic ties with the ROK, to which Kim Il-song responded: "Economics, economics, it is the two characters 'economics' that will spell an end to China's communist cause."

As a result, Kim Il-song did not hold a send-off ceremony when Yang Shangkun left Pyongyang.

In the past, Kim Il-song visited China every autumn. He has stopped the practice, however, since China established diplomatic ties with the ROK last year. Upon hearing this, Deng Xiaoping said: "How could Kim Il-song become such a person refusing to change his mind." Later Deng personally sent Wang Ruilin, director of the Deng Xiaoping Office, to Pyongyang three times asking Kim Il-song to visit China, but Kim Il-song still refused to go to Beijing.

The DPRK Said That Deng Xiaoping Spelled an End to Communism

The informed source continued: Apart from what was said above, Kim Chong-il, Kim Il-song's son and general secretary of the Korean Workers Party, blasted away at the CPC's domestic and foreign policies and Deng Xiaoping at a meeting attended by a limited number of people held on 25 August, the day immediately after China and the ROK established diplomatic ties.

Kim Chong-il said: "Now Russia is unreliable, and China is also becoming unreliable. We must rely on ourselves. First, we must rely upon the spiritual atom bomb: Kim Il-song's predominant [zhu ti 0031 7555] idea: Our autonomy over affairs related to sovereignty, military defense, and national affairs is derived from the ideological guidance of making the laboring people masters of our country; second, we must rely upon the material atom bomb: the atom bombs and Labor-III guided missiles which are being produced" [yi zai zhi zao di yuan zi dan he lao dong san xing dao dan 1571 0961 0455 6644 4104 0626 1311 1734 0735 0525 0520 0005 0992 1418 1734].

Kim Chong-il continued: "The international communist movement as a whole was ruined by two persons: One is Russia's Gorbachev and the other is China's Gorbachev (referring to Deng Xiaoping). The Western world is trying to achieve peaceful evolution in the East after they have succeeded in Russia and East European countries. But so long as there is the Workers Party, the red banner of international communism will not fall to the ground in our Korea."

The informed source said: The CPC was naturally angry with the attack by Kim Chong-il, but the CPC continued to help the DPRK, taking into account the traditional friendship between them, and the DPRK's difficulties.

Instead of being grateful to China, the DPRK made PRC-DPRK relations go from bad to worse. As of 19 April, the DPRK unjustifiably restricted the normal operation of officials of the Chinese Embassy to the DPRK. At the same time the DPRK increased the number of officials of its embassy in China and sent papers hurling invectives at China's foreign policy to China's party and government departments. On the mornings of 23 and 24 April, the DPRK's soldiers fired 40 bullets at Chinese personnel on duty on the bank of the Yalu Jiang, injuring three people. This angered China's frontier army.

A person from the diplomatic circles in Beijing said: The DPRK's act ran against the international code of conduct. It is believed that China's Foreign Ministry summoned the DPRK's ambassador to an interview immediately after the incident, extending a warning and protest and reserving the right to ask for open apology and compensation.

The informed source added: Though relations between China and the DPRK are strained, China's foreign policy, including the policy toward the ROK and DPRK, will remain unchanged. It is learned that Kim Il-song wrote

instructions on Kim Il-chong's speech to the effect: "With respect to DPRK-China relations, the best policy is to keep silent."

It is believed that China will continue to invite Kim Il-song to visit China to normalize the Sino-DPRK relationship.

Article Discusses U.S. Aid for Russia's Economy

HK1005054593 Beijing SHIJIE ZHISHI in Chinese
No 8, 16 Apr 93 pp 14-15

["International Jottings" by Jing Lin (5427 2651): "Saving Yeltsin?"—first paragraph is SHIJIE ZHISHI introduction]

[Text] This issue arose as a result of Yeltsin's unstable position. By answering this question the way the young and ambitious Clinton has done, will it strengthen or weaken Yeltsin's position? A chain of paradoxes is working here.

"Save Yeltsin." This resounding slogan was raised by Nixon, who is out of office, is a serious issue which gives Clinton, who is in office, a big headache. Through months of intense debate in and outside the government and frequent consultations among allies, as well as mutual probing with Yeltsin, who was waiting to be rescued, a solution seemed to have been found at last for this difficult problem during the U.S.-Russian summit in Vancouver in early April: The United States announced an aid package for Russia worth a total of \$1.6 billion.

However, there is a chain of paradoxes here. While some are proving the necessity, feasibility, and effectiveness of aid for Russia, others are proving how it is unnecessary, unfeasible, and ineffective.

"Save Yeltsin." This issue arose as a result of Yeltsin's unstable position. The West's first big package of financial aid for Russia (\$24 billion) was announced on the eve of the Sixth Congress of People's Deputies of Russia in April 1992. By that time, Yeltsin's authority and position had begun to be challenged by the congress. The unprecedented sense of urgency in the issue of aiding Russia in the past few months was directly caused by the fact that strife between the Russian president and congress had turned white hot. Yeltsin said: If aid is not offered until the G-7 summit meeting this coming June or July, "it would probably be too late." Clinton quickened his step and announced the package before the Russian referendum 25 April. The purpose was, needless to say, to help Yeltsin extricate himself to some extent from the plight of "having the world against him," as depicted by the Western media.

However, will the aid contradict Clinton's wishes and actually weaken Yeltsin's position? Or, will the aid strengthen Yeltsin's position in some respects while weakening him in others? Some Western papers do see this possibility. Britain's DAILY TELEGRAPH commented that, at the Vancouver meeting, "one danger is that Clinton wishes to pose as a generous helper, which would make Yeltsin look like a beggar receiving charity from the West, thus further weakening his standing in his country."

Russia has always been, and still is, a great and proud nation. The Russian nation has always been extremely sensitive to issues concerning its dignity. THE WASHINGTON POST pointed out: Yeltsin is already "facing ever intensifying attacks because of his 'sell-out' to the West," and he "cannot afford to be considered an unequal partner who begs aid from the United States and is willing to make concessions on foreign policy and other issues."

Clinton and all the leading potentates of the Western powers are, almost with exception, calling for and giving support to Yeltsin. The reason is simple enough. ASSOCIATED PRESS explained: "The West sees Yeltsin as the best bet as he has brought democracy and market reforms to Russia." True, though the struggle between Yeltsin and the congress is still hanging in the balance, Clinton has come to this judgment: "I think he has a fair chance of survival."

Clinton is young, ambitious, and courageous in what he does and his judgment is probably correct. But some astute counselors do not approve of putting all bets on one side. The old and wise Henry Kissinger has said that he "questions the wisdom of linking U.S. policy entirely with one person." In both the West and in Russia, voices against "personalizing" U.S. policy toward Russia have been heard simultaneously. The U.S. media criticized that by supporting Gorbachev to the end while cold-shouldering Yeltsin, Bush had made a mistake. Now, the "doomsday symptoms" observed, as the final leg of the Gorbachev era appears in Russia, "many people have drawn a negative analogy between Bush's support for Gorbachev and Clinton's support for Yeltsin" (THE NEW YORK TIMES). Robson, the Bush administration's deputy secretary of the treasury responsible for coordinating U.S. aid to the former Soviet Union and East Europe, has sneered at those who are "too keen" to aid Russia, saying that they "call the incumbent Russian leader, whoever it is, a true savior."

Probably because he accepted those suggestions, Clinton emphasized that what the United States is offering is "people-to-people" aid. He has made it clear that he will support "all reformers in Russia." As for Yeltsin, "as long as he is Russian president, I will do my best to support him."

James Baker, secretary of state in the Bush administration, said that supporting Yeltsin "is of vital importance to the interests and values of the West." Once "reform" as symbolized by Yeltsin fails, what worries Baker is the "rise of vicious Russian nationalism," while Clinton is concerned about the possibility of Russia "experiencing a return to dictatorship or plunging into chaos." According to Baker's interpretation, Russian nationalists are against "democrats" and capitalist elements because they think the latter have ruined Russia. If Russia resumed the nuclear arms race or entered a civil war like the one in Yugoslavia, U.S. strategic interests would inevitably suffer. Clinton hopes that Yeltsin will be able to prevent this prospect from coming true.

However, will Yeltsin be able to do this? Kissinger has expressed doubts. He said: The struggle between Yeltsin and the congress is not one in which Yeltsin "safeguards democracy," and congress wants to "return to the old system." Yeltsin wants to "abolish the congress" and the referendum he advocates has, historically, "more often cleared the way for dictatorship, not for democracy." Kissinger also questioned Russia's ability to implement a "restrained" foreign policy. He is particularly wary of Yeltsin's attempt to impose a "Russian-style Monroe doctrine" on the republics of the former Soviet Union. France's *LA LIBERATION* also said that the West will have to face the fact of Yeltsin "fortifying Russian centralization" (together with measures that do not conform to democratic principles) and will also have to acknowledge that the republics of the former Soviet Union are Russia's "sphere of influence." Russia objects to stepping up sanctions against Serbia; it sells weapons to many countries, and Yeltsin was critical in January this year, saying that "the United States has a tendency to force others to accept its conditions." All this forebodes that once fully fledged, Yeltsin will not be content with being an unequal partner of the United States. In other words, to rear a tiger is to court calamity. The tiger that is being reared should be a "democratic" one that has a "partnership" with the United States, but with sudden changes, it could turn out to be a tiger of dictatorship or Russian nationalism which will turn around and bite the rearer.

The final tough question is: How much money should be injected to fill the "black hole" in the Russian economy? The disclosed value of Clinton's package for Russia has been repeatedly increased, from \$417 million to \$700 million, \$1 billion, and \$1.6 billion by the time it was announced. Clinton's administrative focal point is to reinvigorate the domestic economy. Withdrawing such a massive amount while drastically slashing budget spending and curtailing domestic projects indicates that he is very determined. Yet how much does this sum of money mean to Russia's needs? As estimated by Arundsen (a lun si de 7093 0243 2448 1795), director of the Stockholm East European Economic Research Institute and adviser to Russia's economic decisionmakers, Russia needs \$27 billion this year alone to pay for imports and underpin its financial reserves alone. Considering that the reunified Germany has had to inject \$100 billion annually into its eastern region, which has just 17 million inhabitants, one realizes that \$27 billion is not really a big demand for a Russia which has 150 million people. The \$1.6 billion for Russia is significantly less than the \$4.5 billion U.S. contribution to last year's \$24 billion in Western aid for Russia. While \$17.5 billion of the \$24 billion has been spent, the Russian economy has been deteriorating steadily. The \$1.6 billion package may solve some problems, but will it work a miracle and revive Russia's economy?

REUTER has said: "Only Russia can save Russia."

Gaydar, former acting Russian prime minister, said that U.S. aid cannot eliminate Russia's political turmoil; "only Russians can."

Report Examines U.S.-Japanese Trade Ties

OW0905061493 Beijing China Radio International in Mandarin to Asia 0900 GMT 26 Apr 93

[From the "Report on Current Events" program]

[Text] Dear listeners: The Japanese are polite and subtle in their speech and usually only say 30 percent of what they mean. However, recently one of them caused shocks among the media in the United States and strong repercussions among the Japanese people by bluntly saying "no" to the Americans. What is the reason for this? During his meeting with President Yeltsin of Russia in Vancouver early this month, President Clinton of the United States alerted him that when a Japanese says "yes", he usually means "no" in his heart. The comment caused alarm in Japan because Japanese people felt it revealed a sense of America's lack of trust in Japan.

Japanese newspapers carried articles saying that, after World War II, the United States was a teacher and a senior to the Japanese. It became a habit for them to say "yes" to the Americans. The Japanese closely follow the steps of the Americans not only in politics, and foreign and security affairs, but also in economics and trade.

However, Prime Minister Miyazawa shattered this practice when he paid a visit to the United States. He bluntly said "no" to President Clinton, who is in his prime. The media in the United States was quite taken aback at the answer, saying there was a sting in Miyazawa's words and that it seemed Japan, the student, was becoming a teacher.

During their meeting, Clinton focused on trade problems between Japan and the United States. He came straight to the point by putting forward three demands to Japan: Increasing the value of the Japanese yen, stimulating domestic demand, and setting up import quotas by which each trade would open its market to American products. However, Miyazawa said bluntly that the economic prosperity of the two countries was based on close and mutual dependence and that they should cultivate such ties in a cooperative spirit and on the basis of free trade principles rather than trying to achieve prosperity by managed trade or unilateral threats.

Miyazawa also spoke on television, opposing the government practice of issuing import targets to corporations. He said: How can we impose import quotas when companies do not know either the price of a given product or its quality? His remarks caused a strong response in Japan. Government officials declared that the demands made by the United States could not be accepted. People in the business community and financial circles said that the demands were frightening. The media claimed that the U.S. demands were rude and unreasonable and that there would be no end of trouble in the future if Japan bowed and said "yes" again.

After Miyazawa returned from his visit to the United States, a poll conducted by YOMIURI SHIMBUN showed

that the number of people supporting the Miyazawa cabinet grew 4.7 percent, while those opposing it dropped by 7.7 percent. According to the analysis accompanying the poll, an important factor in the rise in people's support for the government was the success of the prime minister's visit to the United States and his utterance of the word "no" to the Americans.

Japan and the United States are two large economic powers in the world. As pointed out by President Clinton, the partnership between the two countries formed in the Cold War has ended and a new partnership has developed to meet the changing situation. It can be predicted that with the continuing increase in Japan's economic strength, there will be more occasions on which the Japanese say "no" and their voice will become louder.

Today, both Japan and the United States are exploring ways to make the new partnership work. Mr. Vance, a former U.S. secretary of state, said that in the transitional period, the dialogue between the two sides will smell of hostility, love and hate will coexist, and contradictions will dominate. This may be a new challenge to these two partners in the current multipolar world.

Singapore Prime Minister on Official Japan Visit

Issues, Ties Viewed

OW0905093493 Beijing XINHUA in English 0914
GMT 9 May 93

[Feature by Cai Ximei: "Singapore To Expand New Cooperation Areas With Japan"]

[Text] Singapore, May 9 (XINHUA)—Singapore Prime Minister Goh Chok Tong left here today for Japan to explore ways of expanding ties and new cooperation areas with the economic big power.

This is Goh's first official visit to Japan since he became head of the Singapore government in November 1990.

During his three-day official visit, Goh Chok Tong, who is accompanied by Minister for Home Affairs S. Jayakumar and Minister for Foreign Affairs Wong Kan Seng and other officials, will have an audience with Emperor Akihito followed by a court luncheon and meet Japanese Prime Minister Kiichi Miyazawa.

According to Singapore officials and Japanese diplomats here, talks between Goh Chok Tong and Miyazawa are expected to focus on regional and global developments and regional security after the disintegration of the Soviet Union as well as on bilateral relations and strengthening of cooperations between the two countries.

Both Singapore and Japanese officials described their bilateral relations as "extremely good," "no problem," and their relationship "has gone beyond that of donor and recipient, it is a partner relationship." Goh and Miyazawa may discuss ways of broadening and deepening it.

Singapore Foreign Minister Wong Kan Seng said in March this year that Japanese leaders should come up with imaginative ways to re-orient their established ties with other countries. Japan should not take its friends for granted. It was important for Singapore and Japan, which are moving away from a solely economic-based relationship, to find ways of doing things together.

Japanese Trade Minister Yoshiro Mori recently proposed that the two governments provide training programs for less developed countries. Singapore welcomes the "third-country training program" and said that Singapore can provide facilities and manpower, while Japan may provide technology and found.

Regional topics are likely to dominate the talks between the two prime ministers. They are expected to exchange views over the deteriorating situation in Cambodia and the stability of the Asia-Pacific region. Singapore and Japan agree that the stability of the region requires the continued engagement of the United States in this region in both economic and military terms.

Recently, Japanese official said that Miyazawa may wish to hear Goh's assessment of China, which he visited last month. Japan is concerned on development of relations between Singapore and China.

Goh's visit, in fact, will complete the Japanese leader's dialogue process with Asia-Pacific nations in preparation for this year's summit of the Group of Seven industrialized nations in July in Tokyo. Singapore is currently chairman of the ASEAN Standing Committee.

After his official visit, Goh will stay on in Tokyo to attend the Asia Society conference on May 12-14 and will give a keynote address at the conference.

Urges Japan, PRC, U.S. Cooperation

OW1005105893 Beijing XINHUA in English 1037
GMT 10 May 93

[Text] Tokyo, May 10 (XINHUA)—Visiting Singapore Prime Minister Goh Chok Tong today called for greater cooperation among Japan, China and the United States. Japanese officials said.

During his talks with Yoshiro Mori, Japanese minister of international trade and industry, Goh said that close cooperation among the three nations "is vital to the economy of the Asia-Pacific region."

Goh arrived in Tokyo on Sunday for a 4-day visit.

In a separate meeting with Japanese Foreign Minister Kabun Muto, Goh said that ties among Japan, the United States and China would play a key role in the stability and development of the Asia-Pacific region, these officials added.

Goh and Muto agreed that the conference between the members of the Association of Southeast Asian Nations (ASEAN) and its dialogue partners is an effective forum to

discuss economic and security issues in the region. KYODO NEWS AGENCY reported.

The two leaders also agreed that Singapore and Japan should work together to eliminate protectionism in international trade.

Jiang Reiterates Backing for Olympic Bid

*OW0805150493 Beijing XINHUA in English 1442
GMT 8 May 93*

[Text] Shanghai, May 8 (XINHUA)—Chinese President Jiang Zemin reiterated here today that the Chinese Government and people warmly support Beijing's application for the holding of the 2000 Olympic Games.

Jiang made this statement while hearing reports on the preparatory work for the first East Asian Games, to open in Shanghai tomorrow, and the application for the 2000 Olympic Games.

"China is a country of courtesy with thousands of years of civilization," Jiang said at the meeting.

He said that the Chinese people, accounting for 22 percent of the world's population, are ready to contribute to the 21st century in the spheres of peace, friendship and progress by holding the Olympic Games at the turn of the century and by carrying forward the Olympic spirit.

China now enjoys political stability and a continuously growing economy, and its society is basically stable, he said.

He added that, guided by Deng Xiaoping's theory on building socialism with Chinese characteristics and the Chinese Communist Party's basic line, China has ushered in a new period of reform, opening up and modernization, and has made world-acknowledged achievements in all areas.

All this has paved the way for Beijing's application to hold the Olympic Games, he said, and called for extra efforts to make the application a success.

Jiang expressed satisfaction with the report on the preparatory work for the first East Asian Games. He said he believed that the games would be a success so long as they had strong support from the East Asian and international sports communities.

He said he hoped that the Chinese athletes would try to achieve outstanding results in the forthcoming East Asian Games.

Also attending today's meeting were Li Tieying, a member of the Political Bureau of the Central Committee of the Communist Party of China (CPC) and the honorary president of the First East Asian Games, and Chen Xitong, president of the Beijing 2000 Olympiad Bid Committee.

Reports on the bid were delivered by He Zhenliang, vice-president of the Beijing 2000 Olympiad Bid Committee.

Jiang Declares East Asian Games Open

*OW0905130093 Beijing XINHUA in English 1251
GMT 9 May 93*

[Text] Shanghai, May 9 (XINHUA)—President of China Jiang Zemin declared open the first East Asian Games in the Hongkou stadium of Shanghai Sunday [9 May] evening.

The inaugural East Asian Games are being held in China's largest city with the participation of some 1,300 athletes from nine countries and regions—Japan, South Korea, the Democratic People's Republic of Korea, Chinese Taipei, Hong Kong, Mongolia, Macao, Guam and host China.

Also present on the occasion were Juan Antonio Samaranch, president of the International Olympic Committee, and Sheikh Ahmad Fahad, president of the Olympic Council of Asia.

Chen Xitong Welcomes IOC President to Shanghai

*OW0905133293 Beijing XINHUA in English 1306
GMT 9 May 93*

[Text] Shanghai, May 9 (XINHUA)—Juan Antonio Samaranch, president of the International Olympic Committee (IOC), arrived here Sunday afternoon for the first East Asian Games (EAG) slated for May 9 to 18.

At the Hongqiao International Airport, Mr. Samaranch was met by Huang Ju, mayor of Shanghai and chairman of the EAG Organizing Committee, Cheng Xitong, president of the Beijing 2000 Olympic Games Bid Committee, and Wu Shaozu, consultant of the EAG Organizing Committee and minister of the State Physical Culture and Sports Commission.

President Samaranch and his 11-member party will attend the Shanghai games' opening ceremony Sunday evening before flying to Beijing for a short visit.

Jiang Zemin Meets Samaranch

*OW0905132093 Beijing XINHUA in English 1307
GMT 9 May 93*

[Text] Shanghai, May 9 (XINHUA)—President of China Jiang Zemin met here on Sunday Juan Antonio Samaranch, president of the International Olympic Committee (IOC).

The IOC chief is in the city to attend the opening ceremony of the first East Asian Games this evening.

Jiang extended his gratitude to Mr. Samaranch for his consistent concern over and support to the development of China's sports, as well as welcome to his seventh visit to China.

China will make persistent efforts to promote the Olympic spirit, Jiang said. In this way, China, with 22 percent of the world's population, is offering a great support and contribution to the Olympic movement, he said.

The Chinese president reaffirmed that the Chinese Government and the whole Chinese people will, as before, give their enthusiastic support to Beijing's bid for the Olympic Games in the year 2000.

Mr. Samaranch warmly congratulated Jiang on his election as the new Chinese president. Samaranch said he cherished a deep respect towards China and the Chinese people.

The IOC chief also praised China for its impressive achievements in developing its economy and sports.

Also present at the meeting were Chen Xitong, president of the Beijing 2000 Olympic Games Bid Committee (BOBICO), Wu Shaozu, minister of the State Physical Culture and Sports Commission, Huang Ju, mayor of Shanghai and chairman of the East Asian Games Organizing Committee, and He Zhenliang, vice-minister of the State Sports Commission and executive vice-president of the BOBICO.

Sunday afternoon, Jiang also met here IOC vice-presidents Richard Kevan Gosper of Australia and Kim Un-yong of South Korea, Olympic Council of Asia (OCA) president Sheikh Ahmad Fahad of Kuwait, some other IOC members, members of the OCA Executive Bureau and members of the Council of the Coordination Committee of the East Asian national Olympic committees.

Jiang, Song Jian Meet Environment Representatives

OW0705133493 Beijing XINHUA in English 1321 GMT 7 May 93

[Text] Beijing, May 7 (XINHUA)—President Jiang Zeming said here today the Chinese Government has always attached importance to environmental protection and worked out the principle of simultaneous development of economic, urban and environmental construction.

Meeting foreign representatives to a session held by the China Committee for International Cooperation on Environment and Development today, Jiang said China has adopted a series of measures to protect the environment.

Jiang said China's economy is related to the world economy and its environmental protection is a part of the world environmental protection. The environmental improvement in China will be an important contribution to the global environment. The Chinese Government will further strengthen international cooperation in this field, he added.

He said the country is facing an arduous task to improve the environment, which requires continuous efforts of the nation.

He expressed his gratitude to foreign representatives for their valuable suggestions.

Marcel Masse, secretary of state of Canada, Law Hieng Ding, minister of science, technology and the environment of Malaysia, and Crispin Tickell, chairman of the Royal Geographical Society of Britain, noted that China has

adopted positive measures following the U.N. Conference on the Environment and Development. They also put forward suggestions for China's agricultural ecology, enforcement of the environment laws, energy structure, treatment of waste, recycling of resources and biodiversity.

Song Jian, state councillor and minister of the State Science and Technology Commission, Qu Geping, chairman of the Environmental Protection Committee of the National People's Congress, and Gu Ming, advisor to the Environmental Protection Committee of the State Council, were present at the meeting.

China UN Association Gives Views on Environment

OW1005084193 Beijing XINHUA Domestic Service in Chinese 0755 GMT 30 Apr 93

[By reporter Li Guorong (2621 0948 2837)]

[Text] New Delhi, 29 Apr (XINHUA)—A delegation of the China UN Association, which is currently attending the Fourth Convention of the Asia-Pacific Regional United Nations Association, took the floor yesterday and today on the current convention's topics—Asian-Pacific economic cooperation, the reform of the United Nations, and UN Associations' role in environmental protection and sustaining development—expounding the China UN Association's views on these three important issues.

The delegates from the China UN Association said: Asian-Pacific economic cooperation not only is possible, it also is necessary. The prospects for Asian-Pacific nations' cooperation in trade, investment, science and technological fields, and infrastructural development, are very good.

The delegates said: China, as a member country of the Economic and Social Commission for Asia and the Pacific, staunchly supports strengthening mutual cooperation between Asian-Pacific nations on the principles of respecting diversity, implementing an open policy, equality, mutual benefit, seeking common prosperity, and achieving agreement through consultations. The China UN Association will do its share in this respect.

On reforming the United Nations, the Chinese delegates pointed out: In view of the complexity of the issue and the many problems involved, reform of the United Nations can only be implemented through gradually achieving agreement through consultations. In the current stage, a more desirable way is to set some guiding principles that must be abided by all, as the prerequisites for smooth reform, but not to make a decision on accepting this or that country as a member of the UN Security Council. Reform of the United Nations must be conducive to building a peaceful, stable, fair, and reasonable new international order.

Regarding United Nations Associations' role in environmental protection and sustaining development, the Chinese delegates said: China, as a developing country, has difficulties in supplies of funds, technological areas, and in other areas, however, over the years China has made

constant efforts to preserve the ecological balance and protect the environment. The China UN Association will cooperate with Chinese environmental protection organs to assist them in implementing the Chinese Government's environmental protection policies.

The delegates pointed out: Economically developed nations have excessively consumed natural resources in the process of industrialization, creating a large amount of pollutants that have caused the global environment to deteriorate. Therefore, economically and technologically developed nations have greater obligations and responsibilities in protecting the environment. All members of the World Federation of United Nations Associations should appeal to and urge the governments of these nations to more actively take part in solving global environmental and development problems and to fulfill their international obligations and responsibilities in supplying funds and in the transfer of technology.

United States & Canada

Preparations for Decision on MFN Issue Reported

HK1005014893 Hong Kong MING PAO in Chinese
10 May 93 p 2

[Report: "Zheng Hongye, Chairman of the China Council for the Promotion of International Trade, Stresses That Beijing Has Prepared Itself for Two Possibilities on the MFN Issue"]

[Excerpt] Zheng Hongye, chairman of the China Council for the Promotion of International Trade, said that China has made preparations for the possibility of U.S. suspension of China's most favored nation [MFN] trading status at the last minute. If the United States takes this step, China will not be the only side to suffer losses because the United States itself will also suffer tremendous losses, as China is a major market of such U.S. products as farm produce, airplanes, and automobiles.

Last night, when being interviewed by MING PAO, Zheng Hongye mentioned the forthcoming visit to Beijing this week by Winston Lord, assistant secretary of state for East Asian and Pacific affairs. Zheng said that China has sincerity for developing relations with the United States. On the other hand, Hong Kong Governor Chris Patten, who returned to Hong Kong last night, said that Lord's visit to China would play a decisive role on the MFN issue. [passage omitted]

Deng Advises Using Trade To Solve MFN Issue

HK1005112493 Hong Kong CHING PAO in Chinese
No 5, 5 May 93 pp 59-60

[Article by Liu Pin (0491 2430): "Deng Xiaoping's Tough and Flexible Tactics for Domestic and Foreign Affairs"]

[Text] Substance of Sino-U.S. Trade War

The annual trade war between China and the United States has begun once again. The so-called trade war means that,

on one hand, the United States is demanding that China improve its human rights conditions, control its arms sales, and take action to minimize the U.S. balance of trade deficit with China, before China's most favored nation [MFN] status is renewed; in other words, this is the so-called conditional extension of MFN status. On the other hand, China is to withstand U.S. pressure and try to make the United States unconditionally renew its MFN status.

Before 1989, the renewal of China's MFN status was a simple routine procedure, because the unfavorable trade balance, from the U.S. perspective, was still quite limited at that time. However, the 4 June incident in 1989 and the drastic increase in U.S. trade deficits with China have complicated the renewal of China's MFN status. Every year since, the U.S. Congress has linked China's MFN status with the progress China has made in improving its human rights conditions, controlling arms sales, and reducing the U.S. balance of trade deficit with China. Winston Lord, who has been nominated U.S. assistant secretary of state for East Asian and Pacific Affairs, recently said it is almost certain that the United States will attach conditions to the renewal of China's MFN status this year.

MFN status should be an agreement about the reciprocal extension of equal trade opportunities. It should be based on the equality of state sovereignty and mutual benefit; it should not be a kind of aid, still less a favor. If China is deprived of MFN status, the United States will lose \$7.5 billion worth of exports and 150,000 job opportunities. In comparison with the United States, however, China will suffer still greater losses. Therefore, China has always carefully dealt with the pressure from the United States and has made every effort to settle any disputes.

Li Lanqing's Strategy of "Handling Trade the Issue Through the Means of Trade"

As revealed by an informed Beijing source, following the Eighth National People's Congress, China's de facto leader Deng Xiaoping said he would thereafter look after only two things: economic affairs and the reunification of China. He asked others not to seek his advice on any other issues.

On Sino-U.S. trade, the Taiwan issue, and the Hong Kong issue, Deng Xiaoping gave the following instruction: On the human rights issue, we may act gently; on the arms sale issue, we may act gently or firmly; on the Hong Kong issue, we must act firmly; on the Taiwan issue, we must stick firmly to some principles while acting gently.

With regard to settling trade disputes between China and the United States, Deng Xiaoping particularly appreciated the strategy of "handling the trade issue through the means of trade" put forth by the incumbent State Council Vice Premier Li Lanqing. According to this strategy, China is to do business with large U.S. firms with a view to encouraging those that profit from doing business with China to

influence White House policymakers and the U.S. President, so that China's MFN status will in the end be renewed unconditionally.

It is said that the strategy of "handling the trade issue through the means of trade" has been quite effective since it was adopted in 1990. In early March, China once again applied this strategy, sending a purchasing group headed by Gan Ziyu, vice minister of the State Planning Commission, to purchase automobiles and airplanes from the United States. This was the fourth time since 1990 that China sent a large purchasing group to the United States. The purchasing group this time signed a \$800 million contract with the U.S. Boeing Company, the world's largest airplane manufacturer, for 20 Boeing-737 passenger planes and a Boeing-757 passenger plane. The purchasing group also expressed their intention to order another \$800 million worth of Boeing-767 and 777 jumbo jets. Boeing President Frank Anderson Shrontz said: China's orders are essential to development and employment at Boeing and in Washington state as well; U.S. politicians "will take note of the importance and symbolic significance of the contract signed at this time." Boeing hopes that the action taken by China will help persuade the Clinton administration to renew its MFN status.

The direct U.S. purpose in attaching conditions to the granting of China's MFN status is to reduce its balance of trade deficit with China. If China, after placing orders through the purchasing group to reduce Sino-U.S. trade deficit, takes action at an appropriate time to release from prison some more democratic activists whom the United States is concerned about, the U.S. President will have better reasons to back down on the issue of renewing China's MFN status.

LIAOWANG Article Warns U.S. on MFN Status

OW0905135393 Beijing XINHUA Domestic Service in Chinese 0453 GMT 8 May 93

[Text] Beijing, 8 May (XINHUA)—The 10 May issue of LIAOWANG magazine carries a bylined article entitled "The Fundamental Interests of China and the United States Should Be Stressed," in which it expresses the hope that the U.S. Congress will consider the fundamental interests of the American people and form judgments and decisions that are appropriate to the times on the question of most favored nation [MFN] status for China, in order to avert a deterioration and regression in Sino-U.S. relations.

The article states: U.S. Senate Democratic leader Mitchell and House Representative Pelosi recently filed separate motions in Congress calling for the conditional extension of China's MFN status. The conditions—totaling four sections and 12 articles—cover a number of issues, such as China's policies on Tibet, religion, reform through labor, and Hong Kong; its judicial system; and its policies on foreign trade and weapons exports. After going through these two motions, people with even slight common sense will readily see that almost all the conditions listed in the motions pertain to China's internal affairs. All policies formulated by the Chinese Government regarding these

issues enjoy the wholehearted support of people of all nationalities in China, including the Tibetans, and conform to China's conditions. Is it not a monstrous oddity that the two U.S. congressmen are keenly making indiscreet remarks about the internal affairs of faraway China instead of showing concern for the affairs of the United States?

People remember that these two U.S. congressmen introduced similar motions as early as two years ago. President Bush vetoed the motions after Congress approved them. The two U.S. congressmen are now reintroducing the motions vetoed by the previous president in an obvious attempt to kill two birds with one stone. On the one hand, before President Clinton makes a formal decision regarding China's MFN status, they are trying to use these motions to influence the Democratic President's policy toward China. On the other hand, they want to continue their past practice of exploiting the issue of MFN status to interfere in China's internal affairs. When introducing the motion in Congress this time around, Mitchell explicitly said: "It is in our interests to promote the development of democracy and human rights" in China. Pelosi spoke even more clearly: "MFN status is the most effective means by which we impel the Chinese people to observe the international norms governing human rights, trade, and non-proliferation (of nuclear weapons)." "Now is the time for us to apply our means."

The article says: It is common knowledge that the application of political pressure by one country against another regarding the latter's internal affairs itself constitutes power politics which is held in contempt by the international community; it fundamentally contravenes the norms governing international relations that are universally acknowledged by the international community. That the two U.S. congressmen are using MFN status as a means for applying pressure violates the norms governing Sino-U.S. relations, as well as the fundamental interests of the two peoples.

MFN status in trade is not a favor granted by one country to another; it is a kind of reciprocal trade relationship between two countries—based on mutual tariff reduction and exemption—that benefits both sides. Since China and the United States established this type of relationship in 1979, their trade volume has grown tremendously, generating benefits for both countries. The development of trade has also promoted cooperation and exchanges between the two countries in politics, economics, culture, science and technology, and other fields. MFN status between China and the United States has become a cornerstone of Sino-U.S. relations. As remarked by some knowledgeable persons in the United States, China's MFN status has helped expand overseas markets for products made by many U.S. industries, including aviation, chemicals, and agriculture, in addition to creating hundreds of thousands of job opportunities in the United States. China, therefore, is a source of tremendous economic interests to the United States. China is playing an increasingly larger role in international affairs. If the United States attaches political conditions to extending China's

MFN status, it will definitely further affect Sino-U.S. relations, thereby hurting U.S. interests in the Asia-Pacific region. These views expressed by knowledgeable persons in the United States are unquestionably the best rebuttals against the motions filed by the two congressmen.

Even viewed within the narrow context of U.S. law, the contingent conditions repeatedly set by the two congressmen, in effect, run counter to the Jackson-Vanik Bill regarding MFN status. This bill merely requires the U.S. Government to fully consider the immigration policies of certain countries when it enters into MFN status agreements with them. The two congressmen, however, are haranguing about other issues that have nothing to do with the original bill, in disregard of the matter in question. This obviously violates the provisions of the U.S. bill in question.

To be sure, a motion is different from a bill in that it is not legally binding. The above-mentioned two motions, however, have inevitably caused intense concern among the Chinese people because they affect China's internal affairs and the prospects of Sino-U.S. relations. Therefore, the sponsors of the two motions need to be reminded here that they should assess the times and the circumstances rather than act willfully. Failure to do so will only hurt the Chinese people's feelings, forcing China to react strongly.

In conclusion, the article states: In recent years, China and the United States have developed differing views on certain issues. The resolution of differences, however, can only be effected through negotiations and consultations, instead of through power politics. After many years of development, the interests of China and the United States have converged to a great extent. Exploiting MFN status to pressure China will hurt not only China but also the United States itself. This is a reality in current Sino-U.S. relations. It is hoped that U.S. congressmen, especially the sponsors of the two motions, will calmly face this reality, consider the fundamental interests of the American people, and form judgments and decisions that are appropriate to the times, in order to avert a deterioration and regression in relations between the two countries.

Sino-U.S. Committee Chairman on MFN, Trade

OW0705141693 Beijing Central People's Radio in Mandarin to Taiwan 2200 GMT 23 Apr 93

[From the "News and Current Events" program]

[Text] Listeners and friends, Mr. Donald Anderson became the chairman of the U.S.-China Trade Committee nearly three years ago; ever since then he has shuttled back and forth five times between the United States and China and worked tirelessly for the smooth development of Sino-U.S. trade. In mid-March, Mr. Anderson spent one week visiting Beijing, Shanghai, and other areas. In Beijing, he met with responsible persons from China's state economic planning and foreign trade departments. In Shanghai, he had in-depth talks with municipal government officials in charge of economic and trade affairs and officials from the Pudong Development Zone. Mr.

Anderson said that he sensed a rather upbeat atmosphere in the entire economy, be it in Beijing or Shanghai.

The fact that many U.S. companies in China are busy devising expansion plans provides very persuasive evidence of their confidence in China's economic development. For instance, Coca-Cola, the largest solely owned U.S. company in China, recently mapped out a very massive expansion plan, and McDonald's is planning to build 10 more outlets in China. Both the U.S. General Motors Company and the Ford Motor Company are planning to expand production in China.

What impressed Mr. Anderson most during his recent trip to China was the large stockpiles of high-grade consumer goods on the Chinese market. Anderson said people have adequate financial means to purchase large quantities of consumer goods, which until several years ago was thought to be entirely unimaginable. This shows that people now have a large amount of disposable income. When touching on conditions that will ensure China's economic development in a sustained and high-speed manner, Anderson said China must first of all persist in the policy of continuously expanding its opening to the outside world, fully make use of the international market, and absorb the world's advanced and high technology. China is also required to work harder to improve its investment environment to attract more foreign businessmen to invest in China.

Domestically, China needs to expedite the process of making the transition to a market economy. The market economy policy now being practiced in China has proven to be most effective in promoting economic development. In addition, if China wants to maintain a high economic growth rate, it must devote its attention to solving the issue of infrastructure construction. Finally, because China is in the process of transiting from a planned economy to a market economy, it must establish and perfect its legal system and adopt very tough measures against corruption.

Turning to Sino-U.S. trade, Mr. Anderson said that the U.S.-China Trade Committee had already submitted a report to President Clinton in which the committee's stand on giving China most favored nation status was expounded. He said the committee also pointed out in the report that it is inappropriate to use the most favored nation issue as a tool for diplomatic struggle. As for the two countries' different views on matters of human rights and weapons proliferation, a consensus should be sought through relevant talks.

U.S. Firms 'Vigorously Lobbying' on MFN Renewal

OW0705222793 Beijing XINHUA in English 2217 GMT 7 May 93

[Text] New York, May 7 (XINHUA)—Many American companies are vigorously lobbying the White House and Congress for an extension of China's trading privileges, according to THE NEW YORK TIMES today.

They point out that billions of dollars in exports are at stake, as well as thousands of jobs if China's most favored nation (MFN) status is terminated, the newspaper said.

Trade experts estimated that exports to China created about 150,000 jobs in the United States last year.

In a front page story entitled "China Steps Up Spending To Keep U.S. Trade Status," the paper said China has been on an American shopping spree in recent months, ordering more than one billion U.S. dollars of airplanes, cars, telecommunications and oil equipment, fertilizer and more.

Commenting on U.S. President Bill Clinton's promise to work hard to keep aerospace jobs in America, Lawrence W. Clarkson, vice president for planning and international development at Boeing, was quoted as saying that "if he does not renew China's status or places unacceptable conditions on it, he will be doing the exact opposite of what he promised. We will lose orders and people will lose jobs."

AT&T says it hopes to make billions of dollars through a joint agreement with the Chinese Government to provide the country with modern telecommunications. Company executives estimate that they can supply about half the 15 million telephone lines that China plans to install each year for the next several years, the TIMES noted.

The paper listed five big negotiations between China and America, including an 800-million-dollar agreement to buy 21 jetliners from Boeing and orders for 4,600 vehicles each from the big three U.S. automakers, totaling 160 million dollars.

"The pressure from the Chinese is not overt, but it's generally understood that all these big business deals will die overnight if their favorable status is revoked. Everything that we are selling, they can buy from someone else," said Richard A. Brecher, director of business advisory services for the U.S.-China Business Council, a private association representing about 200 American businesses in China.

The paper also quoted William B. Turner, chairman of IMC Fertilizer Group of Northbrook as saying that "with its concentration on agriculture, China is an essential market for us, and we can't afford to lose it."

According to him, ending China's MFN status might force his company to cut its staff by 20 percent, or 600 to 700 workers.

As the TIMES reported, China has the world's fastest-growing economy, at 12 percent a year and orders from China last year were up 19 percent from 1991, which covered wheat, aircraft, fertilizer, cotton, wood, electric machinery, telephone and scientific equipment and chemicals.

The newspaper, however, also mentioned different opinions about China's MFN status and various reasons for lobbying the status for China.

Commentary on Clinton's Efforts to Reduce Deficit

OW1005085993 Beijing Central People's Radio in Mandarin to Taiwan 2200 GMT 29 Apr 93

[Commentary by station correspondent Zhang Kai: "Uncle Sam Has To Take Bitter Medicine"; from the "News and Current Events" program]

[Text] Listeners and friends: It is estimated that the U.S. financial deficit, which has been increasing year after year, will reach \$327 billion this year. Presently, the total cumulative financial deficit of the U.S. has exceeded \$4 trillion or more. The mammoth financial deficit has become a heavy burden on the U.S. economy. Clinton's first State of the Union message to Congress since he took office, delivered recently, stated that the way to remold and invigorate the U.S. is to increase revenue and reduce the deficit. Diminishing the deficit was a problem that Clinton's three predecessors wanted to solve but failed to do so. This will pose a severe test for Clinton. Our station correspondent Zhang Kai has written a commentary on this issue, entitled: "Uncle Sam Has To Take Bitter Medicine." It is read by Han Wei:

There have always been only two ways to solve the problem of a deficit—increasing governmental revenue and reducing expenditures. Since the Reagan era, the U.S. has believed that there was a third way—the economic policy of laissez-faire. However, the facts have proven that this will lead to a dead end. In the past decade or so, the Republicans' economic policy was making a handful of people in charge of large enterprises better off, whereas ordinary people and the government were worse off. Eventually, large enterprises were also tied down by the overall recession.

To reduce the deficit, Clinton is now taking measures to raise taxes for an increase of \$246 billion in revenue, as well as to cut federal expenses by \$253 billion, including slashing \$75 billion in defense spending over the next four years. By doing both simultaneously, the deficit will shrink by \$500 billion by 1997. In a short time, efforts will be made to turn government spending from consumption and squander to investment—an investment of \$30 billion in capital construction to create 500,000 jobs. However, whether this plan can be carried out with the expected effect is still hard to predict.

First, the problem of increasing taxes. Clinton proposed raising the tax rate ceiling for people with an annual income of \$180,000 from 31 percent to 36 percent; people with an annual income over \$250,000 will pay 10 percent more. The corporate tax rate will rise from 34 percent to 36 percent. Moreover, energy taxes will also be collected extensively and taxes imposed on the middle class will have a big jump as well. This would seem acceptable if everybody viewed this proposal on the basis of the same time and space. But the fact is that everybody weighs this question by taking into consideration the past and the future. A small number of people benefited from the no tax hike policy in the past; now the vast majority of people are

being asked to pay the price. Such a measure of having the next generation pay the debts of forefathers has aroused disgust among the middle class. Moreover, the decision to increase taxes despite four running years of recession makes most people feel that they have embraced the damage before enjoying any profits. This has greatly weakened the popularity of Clinton's proposal. As for diminishing expenditures, the prospect of slashing many expenses are dim, if the U.S. wishes to maintain its world hegemony.

Generally speaking, Clinton depends on two factors to surmount his difficulties and carry out the plan: 1) The increase in job opportunities. The U.S. has the largest middle class, and if job opportunities continue to increase, the middle class should have no problem withstanding the tax increase. Although Clinton has proposed a plan for increasing jobs by 500,000, it is believed that there will not be much help for the middle class. Being a country accounting for one-fourth of the world's output value, it is influenced and restricted by the world economy. A trivial investment of dozens of billions of dollars can hardly stimulate its economy, nor can it easily create jobs that would guarantee that the people's living standards will not slide. 2) How much the Americans identify with the philosophy behind Clinton's plan. Clinton called on the Americans to unite, make sacrifices, utter no complaints, and quit their factions. Whether his call will strike a sympathetic chord among Americans has become the crux of the success of his plan.

Northeast Asia

Nuclear 'Dispute' Causes Inter-Korea Trade Decline

OW0905134193 Beijing XINHUA in English 1318
GMT 9 May 93

[Text] Seoul, May 9 (XINHUA)—Trade volume between South Korea and the Democratic People's Republic of Korea (DPRK) amounted to 54.33 million U.S. dollars in the first four months this year, a 22 percent decrease from the same period last year.

South Korea's exports to the DPRK totaled 1.47 million U.S. dollars during the January-April period this year, a decrease of 81.34 percent from a year earlier, while imports amounted to 52.86 million U.S. dollars, a 13.8 percent decline.

The inter-Korea trade is characterized by traditional barter trade and "offshore processing trade," in which the North sends back finished products made with raw materials provided by the South.

In 1992, trade volume between the two Koreas stood at 209 million U.S. dollars, which was an 8.9 percent increase over 1991.

Officials attributed the sharp reduction of trade volume between the two Koreas in the first four months of this year to their dispute over North Korea's refusal to allow

nuclear inspections and its intention to withdraw from the Nuclear Non-Proliferation Treaty.

DPRK Newspaper Calls For Talks on Nuclear Dispute

OW0805150893 Beijing XINHUA in English 1328
GMT 8 May 93

[Text] Pyongyang, May 8 (XINHUA)—An official newspaper of the Democratic People's Republic of Korea (DPRK) today called in a commentary for a peaceful resolution of the international dispute over the country's nuclear facilities through consultation.

In the commentary entitled "The Nuclear Issue Can Be Solved Only Through DPRK-U.S. Talks", the government newspaper "DEMOCRATIC KOREA" [MINJU CHOSON] said that no any other force could solve the problem except talks between the parties concerned.

The commentary said that it was the United States which had created the nuclear issue on the Korean peninsula. It alleged that the U.S. had not withdrawn its nuclear weapons from South Korea as it had claimed.

On March 12, the DPRK announced that it would withdraw from the Nuclear Non-Proliferation Treaty (NPT) to protect its interests and sovereignty as from June 12.

Pyongyang's decision was made in protest against the demand of the International Atomic Energy Agency (IAEA) to inspect two suspected nuclear sites by the end of March and the "Team Spirit" U.S.-South Korean joint military exercise held from March 9 to 18.

U.S. officials have said that if the DPRK fails to settle the issue before June 12, the United Nations is likely to make a second resolution to call for economic sanctions against Pyongyang.

According to foreign media reports, the DPRK and the United States held working talks at counsellor level in Beijing on May 5. The two sides were said to have agreed to hold high level talks, but the reports did not give the exact time and place of the proposed meeting.

Pyongyang Reports Korean Border Shots Accidental

OW0705130093 Beijing XINHUA in English 1236
GMT 7 May 93

[Text] Seoul, May 7 (XINHUA)—The Democratic People's Republic of Korea (DPRK) has told South Korea that the shooting which occurred in their sector of the Demilitarized Zone (DMZ) recently was accidental, the Defense Ministry and United Nations command stated here today.

In its message to the secretary of the U.N. command component of the Military Armistice Commission, the DPRK said, "At 6:25 P.M. on May 2, two shots were fired near marker 0310 due to carelessness on the part of our soldiers. But, the firing was accidental, not hostile."

No damage or casualties were reported in the incident and there was no exchange of fire afterwards, according to South Korean military sources.

This is the first time that the DPRK has ever sent a message to South Korea to admit a violation of the Military Armistice Agreement since it was signed in 1953, the sources said.

The Korean peninsula was divided into the north and the south in 1945. Their border is the world's most heavily armed, with over 1.6 million troops deployed on both sides.

Party Workers' Delegation Leaves for Pyongyang

*OW0805080193 Beijing XINHUA in English 0748
GMT 8 May 93*

[Text] Beijing, May 8 (XINHUA)—A delegation of party workers from the Chinese Communist Party of China (CPC) left here by air today for Pyongyang, the capital of the Democratic People's Republic of Korea (DPRK), for a goodwill visit at the invitation of the Korean Workers' Party.

The delegation is led by Wang Jingmao, deputy secretary of the work committee of the departments directly under the CPC Central Committee.

The delegation was seen off at the airport by Peng Wangdong, deputy secretary-general of the International Liaison Department of the CPC Central Committee, and DPRK Embassy officials in Beijing.

New Qingdao-Inchon Shipping Line Formally Opened

*SK0905041693 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 8 May 93*

[Text] A ceremony was formally held in the Haitian Hotel of Qingdao on 8 May to mark the formal opening of the shipping line between Qingdao and Inchon, South Korea. The oceangoing ship of Xinqiao owned by the company will make the first sail from Inchon to Qingdao on 23 May this year, which will be the second sea bridge of Sino-South Korean economic cooperation.

Southeast Asia & Pacific

Defense Minister Leaves for Various Asian Nations

*OW1005034193 Beijing XINHUA in English 0328
GMT 10 May 93*

[Text] Beijing, May 10 (XINHUA)—General Chi Haotian, Chinese state councillor and minister of national defense, left here this morning for an official friendly visit to Laos, Vietnam and Malaysia.

Lieutenant General Xu Huizi, deputy chief of the General Staff of the People's Liberation Army (PLA), was among those accompanying Chi.

They were seen off at the airport by Zhang Wannian, chief of the General Staff of PLA, Xi Dehua, deputy secretary-general of the Chinese State Council, and officials of the embassies of the three host countries in Beijing.

SRV Visit Bid 'To Improve' Ties

*OW1005022893 Tokyo KYODO in English 0202 GMT
10 May 93*

[Text] Beijing, May 10 KYODO—China's National Defense Minister Chi Haotian will begin an eight-day visit to Vietnam on Thursday [13 May] in an apparent bid to improve relations between the two countries, Chinese diplomatic sources said Monday.

It will be the first official visit of a Chinese defense minister to Vietnam. Before arriving in Vietnam, Chi will make a three-day visit to Laos, the sources said.

In talks with Vietnamese Defense Minister Doan Khue and other officials, Chi is likely to discuss ways for easing the tension in Sino-Vietnamese border areas, possible military exchanges between the two nations and the situation in Cambodia, the sources said.

China and Vietnam fought a brief border war in 1979 following Vietnam's invasion of Cambodia in December 1978.

But the bilateral relations improved when Vietnamese Communist Party General Secretary Do Muoi had summit talks with Chinese Communist Party chief Jiang Zemin in Beijing in November 1991 after the Cambodian peace accord was signed in Paris.

The sources also said that to avoid antagonizing Hanoi, Chi will not dwell on the disputed Spratly Islands.

The Spratlys, consisting of hundreds of islands and reefs in the South China Sea, are considered by many political observers as one of Asia's potential flash points. They are claimed in whole or part by Vietnam, China, the Philippines, Brunei, Malaysia and Taiwan.

While in Vietnam, Chi is scheduled to visit Ho Chi Minh City, the sources said.

'Worsening' Situation in Cambodia Viewed

*BK0805094793 Beijing China Radio International in
Cambodian 1030 GMT 7 May 93*

[Unattributed commentary: "Events Involving the Use of Violence Continue To Take Place Frequently at the Approach of the General Elections in Cambodia"]

[Text] As the general elections are approaching, violent events, such as shellings and attacks, have kept taking place in Cambodia and the situation there has kept worsening.

According to the Paris agreement, Cambodia will begin the general elections on 23 May. Later, through the results of elections, the Cambodian National Assembly will be formed to set up a government.

To ensure that the general elections are held as scheduled, various Cambodian political parties began their electoral campaigns on 7 April. However, judging from the developments in Cambodia, it is difficult for the international community to feel optimistic.

Since March this year, events involving the use of violence have kept taking place in Cambodian territory. Those who were attacked ranged from the Vietnamese in Cambodia to UNTAC [UN Transitional Authority in Cambodia] personnel and the UN Peacekeeping Force in Cambodia [UNPFC].

According to a report, on 1 May, unidentified armed men attacked a base of the Dutch UNPFC troops. On 3 May, the Siem Reap provincial airport in the northeastern part of Cambodia under control of the Phnom Penh armed forces came under attack. On 4 May, several successive attacks by armed men took place. The barracks of the Chinese engineering unit attached to the UNPFC in Kompong Thom Province came under rocket and mortar attacks, as a result of which 20 rooms were destroyed.

Shelling also took place in Santuk District, 20 km east of Kompong Thom Province, as a result of which a Japanese civilian policeman was killed while on patrol and four other Japanese policemen and five Dutch Marines were wounded.

In the face of such a constant use of violence, on 4 May, the UN Security Council issued a statement expressing its shock and anger over the attacks. On the same day, His Royal Highness Prince Norodom Sihanouk, chairman of Cambodia's Supreme National Council, also appealed for all Cambodian factions to cease all armed clashes and violations of human rights so as to ensure that the general elections are held in a free and fair manner. The prince said that the existing problems must be resolved through peaceful means; otherwise, Cambodia can no longer survive.

On 3 May, UN Secretary General Ghali said that the international community was (still) optimistic over the realization of peace in Cambodia. He said that although no favorable conditions for a free and fair election in Cambodia have presently been established, the United Nations will hold Cambodia's general elections as scheduled.

Moreover, Indonesia and Thailand agreed that they would make efforts to persuade various Cambodian parties, including Democratic Kampuchea, to participate in the coming elections on 23 May.

Public opinion holds that if the various Cambodian parties have similar aspirations, that is, for Cambodia to quickly regain peace, they must realize clearly that war will cause casualties and losses to the various factions, but peace will bring prosperity to all.

DK Spokesman's 7 May News Conference Reported

BK0805122593 Beijing China Radio International in Cambodian 1030 GMT 8 May 93

[Text] In a news conference held at Malai village of the Party of Democratic Kampuchea [PDK], Democratic Kampuchea's spokesman Mak Ban said that the PDK was adhering to the Paris peace agreement and hoped that the Paris peace agreement would be implemented comprehensively and correctly. The PDK sincerely supported His Royal Highness [HRH] Prince Norodom Sihanouk's proposal to set up a provisional coalition government.

He said that the PDK did not attend the meeting of various Cambodian parties held recently in Beijing, but Khieu Samphan had sent a letter to HRH Prince Sihanouk voicing agreement with the prince's proposal to form a provisional coalition government. He added that Khieu Samphan is still a member of the SNC [Supreme National Council] and will attend meetings to be held under the chairmanship of HRH Prince Norodom Sihanouk to discuss the formation of a provisional national reconciliation government.

Mak Ben said that the PDK has time and again rejected UNTAC spokesman's accusations that the PDK attacked UNTAC personnel. He noted that UNTAC had lost control of the Cambodian situation. Public order in Cambodia has become complicated and there were increasing acts of violence. To hold the general elections in such a situation would be ill-timed.

XINHUA Corrects Item on Cambodian Talks

OW0605191993

Beijing XINHUA Domestic Service in Chinese at 1316 GMT on 6 May transmits a report on the 6 May meeting of Cambodian parties in Beijing. The XINHUA Domestic version has been compared with the XINHUA English version published in the Southeast Asia & Pacific section of the 6 May China DAILY REPORT, page 10, and found to be identical.

Beijing XINHUA Domestic Service in Chinese at 1441 GMT on 6 May transmits a service message correcting the 1316 GMT XINHUA Domestic Service report on the 6 May Beijing meeting of Cambodian factions. The XINHUA Domestic correction allows for the following comparison with the XINHUA English version published in the 6 May China DAILY REPORT:

Page 10, second column, last graf, only sentence, of item subheaded "XINHUA Reports on Talks," make read: No representatives from the Democratic Cambodian side attended the meeting. (changing "Khmer Rouge" to "the Democratic Cambodian side")

Singapore's Lee Kuan Yew To Visit Jiang, Li Peng

OW1005060593 Beijing XINHUA in English 0454 GMT 10 May 93

[Text] Singapore, May 10 (XINHUA)—Lee Kuan Yew, senior minister of Singapore, left here this morning for a nine-day private visit to China.

This is Lee's seventh visit to China. Last time he paid an official visit to China from September 28 to October 10, 1993.

Lee Kuan Yew will be going to Suzhou in Jiangsu Province on May 10-13 before going to Shanghai.

Singapore Government is interested in developing a modern township there. It will be the biggest government-to-government joint venture between the two countries. This proposal was raised when Lee and Deputy Prime Minister Ong Teng Cheong visited Suzhou last October. Ong is now in Suzhou to discuss the project.

Lee will be attending the Interaction Council Meeting on May 13-16 in Shanghai and give a speech at the meeting.

Lee Kuan Yew and the other members of the council will visit Beijing to call on President Jiang Zemin and Premier Li Peng after the meeting.

Lee Kuan Yew will return to Singapore on May 18.

Singapore Deputy Prime Minister's Visit Reported

Zhu Rongji on 'Fruitful' Cooperation

OW0705125593 Beijing XINHUA in English 1237
GMT 7 May 93

[Text] Beijing, May 7 (XINHUA)—Chinese Vice-Premier Zhu Rongji said here today that the economic co-operation between China and Singapore has been fruitful.

In a meeting with visiting Singaporean Deputy Prime Minister Ong Teng Cheong, Zhu said that China attaches importance to such co-operation.

Zhu, who visited Singapore in 1990 as mayor of Shanghai, said China can draw on Singapore's successful experiences in developing its economy.

He welcomed more Singaporean businessmen to make investments in China and co-operate with the Chinese side in various forms.

Zhu briefed Ong and his party on the developments in China's reform and opening as well as on relevant policies.

Ong said that the rapid development in China had impressed him deeply. He said the Singaporean Government encourages and supports the country's entrepreneurs to invest in China and hopes to push forward the existing friendly relations by expanding economic co-operation.

Joint Venture Deal Signed

OW0705130193 Beijing XINHUA in English 1240
GMT 7 May 93

[Excerpt] Beijing, May 7 (XINHUA)—The Beijing Bus Manufacturing Factory and Tibs International Pte Ltd of Singapore signed an agreement here today for the production of luxury coaches to international standards.

The new joint venture, Jingda Automotive Manufacturing Company Limited, involves 29 million U.S. dollars in investment. [passage omitted]

Singapore's Deputy Prime Minister Ong Teng Cheong and Beijing Vice Mayor Zhang Baifa attended the signing ceremony.

Reportage on Li Guixian Activities in Singapore

Calls on Prime Minister

OW0805144893 Beijing XINHUA in English 1404
GMT 8 May 93

[Text] Singapore, May 8 (XINHUA)—The visiting State Councillor and Governor of the People's Bank of China (PBOC) Li Guixian called on Singapore Prime Minister Goh Chok Tong here today.

Governor Li, who is at the head of a seven-member delegation, arrived here yesterday for a seven-day official visit here.

When paying a visit to China from April 19-28, Goh met with Li in Beijing. While meeting today, Goh told Li that he was very happy to meet him here again.

Singapore is the fourth largest financial market in the world after New York, London and Tokyo, said the prime minister.

Singapore welcomes China to come here and cooperate more in finance, particularly exchange and training of financial officials, he added.

Li Guixian agreed with Goh and said that cooperation between China and Singapore could not be divided from financial cooperation. Banks of China and Singapore should cooperate and support more joint ventures and joint investments in China.

During his visit, the top Chinese banker will give a speech on "The Banking System in China and How the Chinese Financial System Could Encourage Foreign Investment Into China" here next week.

Visits Lee Kuan Yew

OW0805163493 Beijing XINHUA in English 1503
GMT 8 May 93

[Text] Singapore, May 8 (XINHUA)—Visiting State Councillor and Governor of People's Bank of China (PBOC) Li Guixian called on Singapore Senior Minister Lee Kuan Yew here today.

Li, who is leading a seven-member delegation, arrived here on Friday [7 May] for a seven-day official visit to Singapore.

Senior Minister Lee briefed Li on Singapore experience of how to keep the value of the Singapore dollar and how to fight against inflation in the country in the past few years.

Li said that he came here to study Singapore's financial laws and regulations, Singapore Stock Exchange Control and relationships between monetary authority and Finance Ministry. His visit is also aimed at strengthening ties between China and Singapore in finance matters, he added.

Earlier today, Li met Minister of Finance and Chairman of the Monetary Authority of Singapore Richard Hu and the two men agreed to exchange visits of financial officials of the two countries while Singapore agreed to help China train financial officials.

Li said that China will reconsider Singapore Bank's requires [as received] about setting up more branches in China. He also hoped that Singapore will allow more Chinese banks to do business in Singapore.

New Zealand Prime Minister Comments on Ties

OW0805122293 Beijing XINHUA in English 1127 GMT 8 May 93

[Text] Wellington, May 8 (XINHUA)—New Zealand and China have had very good relations in all aspects over the past 20 years during which the good commercial and cultural ties have further developed, said New Zealand Prime Minister Jim Bolger today.

In an interview with XINHUA before he left tonight for a 10-day trip to China, South Korea and Japan, the prime minister said he hoped to build up the both during his visit to China.

The trip would be followed by an expansion of trade both ways between the two countries as both countries had been committed to open and free trade, Bolger said.

China, South Korea and Japan are all among New Zealand's top ten trade partners. Enhancing trade relations with and seeking investment from the three countries are believed to dominate the trade-in-essence mission. The trip, first by the prime minister since he came to office in 1990, reflected the government's shift of its trade focus to Asia.

The Chinese economy had been growing very strongly over the past decade. This would make China a major market of New Zealand's wool and other products, he added. The two-way trade between China and New Zealand totalled more than 800 million N.Z. dollars (425 million U.S. dollars) last year, an increase of more than 50 percent on 1991.

During his four-day stay in China from May 14 to 17, Bolger also hoped to exchange views with Chinese leaders on some international issues including some United Nations Security Council issues, and the Bosnia problem and the forthcoming Cambodian election in particular. As both China and New Zealand are UN Security Council members, they could share understanding of how the two peoples could reestablish themselves in the world community.

Liaoning Governor Meets Papua New Guinea Official

SK0705115793 Shenyang LIAONING RIBAO in Chinese 26 Apr 93 p 1

[By reporter Liu Zhiyun (0491 1807 0061): "Governor Yue Qifeng Meets With Guests From Papua New Guinea"]

[Text] Governor Yue Qifeng met with His Excellency Aisaiya Aoda [5337 6357 0068 1159 6671] [as published], governor of the Central Province of Papua New Guinea, at Liaoning's Youyi Guesthouse on the afternoon of 25 April. They exchanged opinions and views on the cooperation between the two provinces.

Yue Qifeng said: "On behalf of the provincial government and the people of the province, I welcome Aisaiya Aoda and his party who have come to visit in the warm spring when flowers blossom."

Yue Qifeng said: Liaoning is one of the provinces in China with a fairly developed economy, and its township enterprises have expanded fairly rapidly since the Third Plenary Session of the 11th party Central Committee. It is hoped that Aisaiya Aoda and his party will visit township enterprises in addition to state-owned enterprises.

Yue Qifeng said: Liaoning is open to the outside world. We hope guests will visit us often. We also hope that the visit of your delegation will become the beginning of the cooperation between the two provinces and then promote their cooperation and progress.

His Excellency Aisaiya Aoda was very grateful for the hospitality extended by the Liaoning Provincial Government. He wished to take the opportunity of the visit to strengthen the economic and trade cooperation between the two sides.

Aisaiya Aoda and his party came at the invitation of Vice Governor Wen Shizhen. They arrived in Shenyang on 24 April. During their stay in Shenyang, they will visit the Shenyang development zone to discuss economic projects.

Vice Governor Wen Shizhen and responsible comrades of pertinent departments were present at the meeting.

That evening, Yue Qifeng hosted a banquet at the Youyi Guesthouse in honor of Aisaiya Aoda and his party.

Near East & South Asia

Reports on Visit by Pakistani Naval Staff Chief

Talks With Chi Haotian

OW0705122293 Beijing XINHUA in English 1138 GMT 7 May 93

[Text] Beijing, May 7 (XINHUA)—Chinese State Councillor and Defense Minister Chi Haotian met with Saeed M. Khan, chief of staff of the Pakistani Navy, and his party here this afternoon.

Zhang Wannian, chief of general staff of the Chinese People's Liberation Army, gave a dinner for Saeed and his party this evening.

The Pakistani visitors arrived here yesterday. Besides Beijing, they will tour Qingdao, Guilin and Shenzhen.

Meets Liu Huaqing

OW0805041293 Beijing XINHUA in English 0332
GMT 8 May 93

[Text] Beijing, May 8 (XINHUA)—Liu Huaqing, vice-chairman of China's Central Military Commission, said here today that his country attaches great importance to the growth of the friendly ties and cooperation between China and Pakistan.

During a meeting with Saeed M. Khan, chief of staff of the Pakistani Navy, here this morning, Liu said the two countries and their peoples and armed forces have had very good relationship since they established diplomatic ties more than 40 years ago.

The two peoples have sympathized, helped and supported each other and forged profound friendship, he said, adding that bilateral friendly relations have stood the test of the time.

Noting that both China and Pakistan are now facing a common task of developing their own economies, he said he was very pleased with the progress Pakistan has made in boosting its economy.

Saeed said that he hoped that the friendly ties and cooperation between the two countries and their armies will be further enhanced.

During the meeting, Liu also briefed the visitors on China's present domestic situation.

Zhang Lianzhong, navy commander of the Chinese People's Liberation Army, attended the meeting.

Islamabad Radio on Meetings

BK0905045093 Islamabad Radio Pakistan Network in Urdu 0200 GMT 9 May 93

[Text] PRC Political Bureau member Liu Huaqing has said that China will continue its support to Pakistan in spite of the changed international situation. This assurance was given during a meeting with Admiral Saeed M. Khan, Pakistan's Navy chief, who is currently on a goodwill visit to China. Liu Huaqing said China respects the friendship between the two countries which has stood the test of time and added that this friendship will always be maintained.

Earlier, Admiral Saeed M. Khan called on PRC Defense Minister Chi Haotian. The PRC defense minister said China wants to see Pakistan as a strong and prosperous country because this is in the interest of peace in the region.

The Pakistan Navy chief also attended a briefing conducted by the PRC Navy and held talks with PRC Navy officials on further promoting bilateral ties and matters of mutual interest.

Sub-Saharan Africa

Jiang Zemin Receives Zimbabwean President Mugabe

OW0705135793 Beijing XINHUA in English 1349
GMT 7 May 93

[Text] Beijing, May 7 (XINHUA)—Chinese President Jiang Zemin and Zimbabwe President Robert Mugabe, in 80 minutes of formal talks here this afternoon, held a comprehensive exchange of views on bilateral relations and international issues.

On the situation in southern Africa, Jiang said that China always positively supports the just struggle of the South African people, stands for resolving local problems through negotiations by the various sides there and hopes they will remove the obstacles to the peace process, so as to establish a new, united and democratic South Africa as soon as possible, when all the ethnic groups there will enjoy equality.

Also, Jiang voiced the hope that the conflicting parties in Angola will soon settle their disputes through dialogue, realize a ceasefire and restore the peace process.

He spoke highly of the "important role" of President Mugabe and the Zimbabwe Government in promoting peace and stability in southern Africa.

Calling Mugabe an old friend of the Chinese people, who has visited China many times, Jiang expressed the conviction that his visit will serve to further the friendship and cooperation between the two countries.

The traditional friendship, and exchanges and cooperation in various fields between China and Zimbabwe have enjoyed continuous expansion since the two countries forged diplomatic ties, Jiang noted. China, together with Zimbabwe, is ready to further consolidate and develop bilateral economic and trade cooperation in diversified forms, he said.

Mugabe called the Chinese people "great and reliable friends," according to a Chinese Foreign Ministry official. That is because they helped the Zimbabwe people not only at the latter's most difficult times, but also because they have conducted "sincere and effective cooperation" with Zimbabwe in its national construction, the source quoted Mugabe as saying.

Mugabe described the purpose of this visit as to strengthen friendship and expand new channels of bilateral economic and trade cooperation, so as to ensure a firmer partnership between Zimbabwe and China.

During the talks, Jiang voiced admiration for Zimbabwe's efforts to seek a political system and mode of economy that

conforms to the realities of Zimbabwe. Also, he praised the country's achievements in developing its economy and improving its people's livelihood. He wished Zimbabwe new progress in this regard.

Prior to the talks Jiang presided over a ceremony to welcome Mugabe, who is on his first visit to China since becoming president. After the talks Jiang hosted a banquet to entertain the visitors.

Mugabe arrived this morning for a five-day state visit at Jiang's invitation.

Zhu Rongji Meets Mugabe

*OW0805075193 Beijing XINHUA in English 0728
GMT 8 May 93*

[Text] Beijing, May 8 (XINHUA)—Chinese Vice-Premier Zhu Rongji said here today that the Chinese Government would like to work together with the Zimbabwean Government for further development of Sino-Zimbabwean relations.

According to Chinese officials, Zhu made the remark in a meeting this morning with visiting Zimbabwean President Robert Mugabe at the Diaoyutai State Guesthouse, in the western section of the capital.

During the meeting, Zhu conveyed to mugabe the regards of Chinese Premier Li Peng.

Mugabe is a prestigious African statesman, as well as an old friend of the Chinese people, said Zhu. The vice-premier added that he was very pleased to become acquainted with Mugabe.

As early as in the 1960s and 1970s, China and Zimbabwe established a deep friendship, Zhu said, adding that bilateral ties were steadily consolidated and strengthened after Zimbabwe became independent.

The Chinese vice-premier said that Zimbabwe has achieved much in its national construction, economic development and the raising of the people's living standards. He said he believed that Zimbabwe would create a brighter future through its own efforts and with the help of the international community.

Zhu also briefed Mugabe on China's economic development following its policies of reform and opening up, which were initiated in the late 1970's, and its decision last year to create a socialist market economy.

Mugabe said that Zimbabwe and China have enjoyed traditional ties of friendship. Mugabe also expressed his thanks to the Chinese Government and people for their help.

The African leader said he hoped that the two countries would, as in the past, help and support each other like brothers and open up new spheres of cooperation. Mugabe also briefed Zhu on Zimbabwe's further opening and economic reform policy.

Mugabe and his party are scheduled to leave here this afternoon for Shenzhen, a special economic zone that borders Hong Kong.

This morning, the Chinese and Zimbabwean Government signed an economic and technological agreement.

Mugabe Tours Shenzhen

*OW0905132993 Beijing XINHUA in English 1308
GMT 9 May 93*

[Text] Beijing, May 9 (XINHUA)—Visiting Zimbabwean President Robert Mugabe concluded his visit to Shenzhen and came back to Beijing this evening to continue his five-day state visit to China.

President Mugabe and his party toured Shenzhen for two days, accompanied by Wang Senhao, chairman of the Chinese Government Reception Committee and minister of the coal industry.

The distinguished Zimbabwean guests conducted the Shenzhen trip to benefit from experiences and achievements that the special economic zone has made in its reforms and opening to the outside world.

Li Youwei, mayor of Shenzhen and also secretary of the Shenzhen Municipal Party Committee of the Communist Party of China, met with and hosted a banquet in honor of Mugabe and his party yesterday evening, and briefed them on Shenzhen's reforms and opening up for 13 years.

President Mugabe expressed his appreciation for Shenzhen's economic development. He said that it is a miracle in the world economy that Shenzhen has been developing at such a fast speed for over ten years.

The president hoped that the Sino-Zimbabwean economic cooperation and trade can be promoted through his current visit.

Zimbabwe To Strengthen Economic, Trade Relations

*OW0805125893 Beijing XINHUA in English 0908
GMT 8 May 93*

[Text] Beijing, May 8 (XINHUA)—Chinese Assistant Minister of Foreign Trade and Economic Cooperation Tian Runzhi and Zimbabwe Minister of Industry and Commerce Christopher Ushewokunze held talks here this morning.

They exchanged opinions on further strengthening bilateral economic and trade cooperation.

Both sides agreed that bilateral economic and trade relations developed smoothly during the past few years.

They hope that each country will study the other's needs so that they can cooperate better in the fields of economy, trade and technology.

Before the talks, they signed an economic and technological agreement between the two governments.

According to statistics, the trade volume between China and Zimbabwe last year reached 120 million U.S. dollars.

China's export to Zimbabwe were valued at 27.2 million U.S. dollars while China's imports from Zimbabwe totalled 92.9 million U.S. dollars. This left China with a 70.7 million U.S. dollars trade deficit.

China's main imports from Zimbabwe were leaf tobaccos and minerals.

China's main export goods to Zimbabwe were sacks, light industrial products, paper, chemical products, medicinal materials and color TV parts.

West Europe

Reportage on Qian Qichen's Visit to Italy

Meets Italian President

OW0805023893 Beijing XINHUA in English 0205
GMT 8 May 93

[Text] Rome, May 7 (XINHUA)—Italian President Oscar Luigi Scalfaro said here today that Italy attaches importance to an all-round development of cooperative relations with China.

In a meeting with Qian Qichen, a Chinese vice premier and concurrently the foreign minister, the Italian president said relations between the two countries are developing actively.

Qian came here on Friday [7 May] from Stockholm on the third leg of his current tour of four European nations which covers Holland, Sweden, Italy and Germany.

Agreeing with the president's view on Sino-Italian relations, Qian said economic and trade relations between the two countries enjoy a good momentum for development.

Qian conveyed regards from Chinese president Jiang Zemin.

Talks With Foreign Minister

OW0805155693 Beijing XINHUA in English 1541
GMT 8 May 93

[Text] Rome, May 8 (XINHUA)—Visiting Chinese Vice Premier and Foreign Minister Qian Qichen agreed in talks here today with Foreign Minister Beniamino Andreatta to further expand their cooperation in the fields of the economy and trade.

Qian said in the talks that Sino-Italian relations in politics, economy and trade had developed remarkably over the last few years.

China's on-going economic construction on a large scale would surely boost its cooperation and exchange with the outside world, he said.

There was also a great need in his country for increased imports of advanced technology and facilities, offering opportunities for Italy and other western nations.

He said Italian enterprises had many superiorities and he hoped entrepreneurs would come to invest in China.

Andreatta said Italy set great store by its relations with China and particularly hoped to expand its exports there.

The two foreign ministers also exchanged views on concrete steps to reinforce their cooperation and international issues of mutual concern.

Andreatta accepted Qian's invitation to visit China at some future date.

Sees Prime Minister

OW0805162493 Beijing XINHUA in English 1605
GMT 8 May 93

[Text] Rome, May 8 (XINHUA)—Italian Prime Minister Carlo Azeglio Ciampi said here today that his nation hoped to increase cooperations with China in international affairs.

In meeting with visiting Chinese Vice-Premier and Foreign Minister Qian Qichen at his office, Ciampi appreciated China's growing role in the international affairs and said that Italy was attaching great importance to it.

On China's domestic situation, he said it was very appreciable that China had achieved great progress in its economic development while keeping a social stability and improved people's life.

He said that as an Italian head of government, he would contribute to the growing Italian-Chinese friendship and cooperation.

Qian Qichen conveyed Chinese Premier Li Peng's best regards and congratulations to the Italian new prime minister. In return, Ciampi asked Qian to bring back his best regards and wishes to Li Peng.

Qian said that the relations between the two nations had grown rapidly in recent years. The increasing exchange of high-level visits pushed the trade growth to a new level of 2.8 billion U.S. dollars last year.

He said that Italy had become China's second largest trade partner in western Europe and hoped the trade relations would be further expanded.

Qian briefed Ciampi on China's fast growing economic situation. The more open China provides great opportunities for the foreign businessmen to invest in China, he said.

The two sides also exchanged views on the Bosnia-Herzegovina conflicts.

Supreme People's Court Member Leaves for Turkey*OW0805064993 Beijing XINHUA in English 0617 GMT 8 May 93*

[Text] Beijing, May 8 (XINHUA)—Vice-President of the Chinese Supreme People's Court Duanmu Zheng left here today at the head of a Chinese court delegation on a goodwill visit to Turkey at the invitation of the Turkish Court of Cassation.

The delegation will also participate the celebrations of the 125th anniversary of the Turkish Court of Cassation.

Shandong Vice Governor Receives Swiss Delegation*SK0805050493 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 7 May 93*

[Text] On the evening of 7 May, Song Fatang, vice governor of the province, cordially received in the Qilu Guesthouse of Jinan the seven-member delegation of Swiss-Sino Friendship Association, which is paying a visit to our province. During the reception, Vice Governor Song Fatang expressed welcome to the visit paid by the Swiss guests.

The Swiss-Sino Friendship Association is a nongovernmental organization amicable to China, and is composed of the upper- and middle-strata Swiss social, political, economic, and cultural figures.

The visit paid by the Swiss delegation headed by Mr. (Muosar), president of the Swiss-Sino Friendship Association, is aimed at deeply learning about the province's situation in reform, opening, and economic construction. It is also aimed at probing into the issue of further promoting the contacts between the medium-sized and small enterprises of the two countries.

Latin America & Caribbean**NPC's Ni Zhifu Talks With Mexican Group***OW0905120793 Beijing XINHUA in English 1149 GMT 9 May 93*

[Text] Beijing, May 9 (XINHUA)—Ni Zhifu, vice-chairman of China's National People's Congress (NPC) Standing Committee and president of the All-China Federation of Trade Unions, met with a delegation from the Revolutionary Confederation of Workers and Farmers (CROC) of Mexico here today.

The delegation is led by Senator Eleazar Ruiz Cerda, secretary of the CROC.

During the meeting, Ni and the visitors had a conversation on strengthening the friendly relations and cooperation between the two trade union organizations.

The Mexican delegation arrived here yesterday at the invitation of the All-China Federation of Trade Unions.

Apart from Beijing, they are also scheduled to visit some cities in Shandong and Guangdong provinces.

NPC's Tian Jiyun Meets Uruguayan Delegation*OW0305034293 Beijing XINHUA in English 0249 GMT 3 May 93*

[Text] Beijing, May 3 (XINHUA)—Tian Jiyun, vice-chairman of the Standing Committee of the Chinese National People's Congress, met with a delegation from the Foreign Affairs Committee of the Uruguayan House of Representatives led by its former Chairman A.F. Rodriguez Camusso, here this morning.

Camusso and his party arrived here April 29. They are scheduled to leave for Shenzhen this afternoon. After visiting the special economic zone, they will tour Guangzhou, Nanjing and Suzhou.

CPPCC's Wu Xueqian Meets Peruvian Visitors*OW0805125693 Beijing XINHUA in English 1225 GMT 8 May 93*

[Text] Beijing, May 8 (XINHUA)—Wu Xueqian, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), met with Genaro Ledesma, chairman of Peru's unified left, at the Diaoyutai State Guest House here today.

Ledesma and his party arrived here May 3 on a seven-day visit as guests of the International Liaison Department of the Central Committee of the Communist Party of China.

Argentine Ambassador to China Visits Shandong*SK0605082993 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 4 May 93*

[Text] At the invitation of Shandong Province, a three-member visiting group, including Argentine Ambassador to China Blanco, paid a friendly visit to Shandong.

On the evening of 4 May at Qilu Guesthouse, Provincial Vice Governor Wang Jiangong cordially met with Ambassador Blanco and his party, who were in Shandong to enhance mutual understanding, explore economic and trade cooperation between Shandong and Argentina, and promote mutual cooperation.

Envoy Presents Credentials to Bolivian President*OW0805105593 Beijing XINHUA Domestic Service in Chinese 0308 GMT 29 Apr 93*

[Text] Lima, 28 Apr (XINHUA)—News from La Paz: Bolivian President Paz Zamora in La Paz on 28 April pointed out the Chinese people have made achievements in economic construction, which has attracted worldwide attention under the guidance of the correct ideology of their leaders.

President Zamora made the remarks when he accepted credentials from new Chinese Ambassador Tang Mingxin [3282 6900 2450] to Bolivia. Zamora also stressed that China's economic aid to Bolivia had produced good

results. He hopes that the friendly cooperation between China and Bolivia will be further expanded.

Paraguayan Deputy Foreign Minister Interviewed

OW0905023193 Beijing XINHUA in English 0139
GMT 9 May 93

[Text] Asuncion, May 8 (XINHUA)—A Paraguay deputy foreign minister said the Southern Cone Common Market (Mercosur) is the most realistic option for its member nations.

In an exclusive interview with XINHUA here today, Antonio Felix Lopez, Paraguay's deputy minister of foreign relations, said the two-year-old Mercosur, which groups Argentina, Brazil, Paraguay and Uruguay, is being troubled with problems between some nation members.

He was referring to bilateral problems related to foreign exchange and monetary policies, especially the recent frictions between Brazil and Argentina over bilateral trade.

There is even hearsay that Argentina might want to withdraw from Mercosur to join the North American Free Trade Agreement, which comprises the United States, Canada and Mexico.

Lopez noted the application of subsidies and certain form of protectionism could cause discrepancies among the member nations.

He added that the problems within Mercosur should be settled in line with the Brasilia Protocol for the solution of controversies.

Although the commitments made by member nations will not be easy to keep, Mercosur is the "most realistic alternative for the development of its member countries and for their performance in the world economy which features blocs and groups of countries," he said.

He also attached importance to a coordination of macro-economic policies and a unified tariff system within Mercosur in view of a proposed common market for the member countries.

Political & Social

Measures Against 'Student Unrest' Ordered

HK1005045093 Hong Kong SOUTH CHINA
MORNING POST in English 10 May 93 p 8

[By staff reporter]

[Text] The ruling Communist Party has ordered university authorities in Beijing to take tough and resolute measures to clamp down on student unrest following the detention of three students at a May 4 gathering in Beijing University last week.

Just weeks before the anniversary of the June 4, 1989, crackdown, the leadership is said to have been shaken by the incident, in which student organisers had originally planned to launch a march inside the campus after a candle-light rock'n'roll concert.

About 200 students turned up at the gathering on lawn outside the main library of the university, which was the hotbed of student demonstrations in the pro-democracy protests.

The three students taken away in the middle of last Tuesday's gathering were freed the following morning. But one of them, a law student, will face expulsion from the university, pending results of an investigation now under way.

Sources said the organisers of the event had planned to launch a "walkabout" around the university at the end of the gathering.

A student source said: "The students just planned to enliven the atmosphere inside the campus by organising a march. They do not think conditions are ripe for large-scale rallies. But the march was cancelled after the university intervened."

Some student groups have become more active and have tried to inject new enthusiasm into student activities, which were at a low ebb following the June 4 suppression.

The source cited as an example the repeated failure of a student nominated by the party committee to become students' representative of the law faculty of the Beijing University, generally called Beida. The post of student representative remains vacant.

Scores of plain-clothes police were at Tuesday's gathering, taking photographs. The concert was cancelled half-way through when the authorities intervened.

Several hundred students from other campuses were denied entry into the university by public security officers, the source said.

Two Beida students and the third from another university in Beijing were taken away by public security officers.

The law student was being singled out for criticism by the university authorities for organising the event.

After the incident, the source said, the party's propaganda department issued a warning to authorities of major universities in the capital to guard against the emergence of the "new signs" of unrest.

"They were asked to take resolute and tough measures to handle it," the source said.

He said the Ministry of State Security had also taken part in the investigations of the May 4 gathering because of reports that some Taiwanese media has been informed about the plan.

Following last week's incident, the source said some "active students" faced increasing pressure from the university authorities.

Beijing University also plans to ban a few student groups, including the Youth Politics Association, the Nineties Group and the Research Association of Chinese National Conditions.

Leftists Preparing 'To Crack Down On' New Rich

HK0805021593 Hong Kong THE STANDARD in
English 8 May 93 p 1

[Text] Leftist ideologue Deng Liqun is readying an attack on Deng Xiaoping's theory of "socialism with Chinese characteristics" to crack down on China's newly wealthy when the paramount leader dies.

A mainland source said Deng Liqun believed "up-starts" who got rich during the years of reform and openness should be deprived of their property because they had made their fortunes by exploiting workers and peasants.

Sources said Deng Liqun was mobilizing his research units to kick up a rumpus over official corruption, economic growth and agricultural development in preparation for the "post-Deng" era.

"Deng Liqun said the question of corrupt officials has to be related to the Cultural Revolution as he considered that (late Chairman) Mao Zedong mobilised the revolution with the aim of opposing corrupt officials," one of the sources said.

He said the ideologue had called for further study and a reassessment of the 1966-76 Cultural Revolution.

Deng Liqun had also criticised increases in the gross national product (GNP), claiming the figures during the years of reform were superficial and depended on the rise of debt.

"The economic growth rate figures are up, but the living standards of the workers and peasants have not increased much," he was quoted as saying.

The leftist leader claimed that GNP growth during Mao's era represented real increases because the country bore no debt at the time.

He was quoted as saying that speed of agricultural development in the past few years had not been as fast as during the time of co-operatives.

Li Peng Enters 3d Week Out of Public View

HK1005120193 Hong Kong AFP in English 1136 GMT 10 March 93

[Excerpts] Beijing, March 10 (AFP)—Chinese Prime Minister Li Peng failed to appear at a public function again Monday, two weeks after he was first reported to be ill, indicating that his state of health was much more serious than officially announced.

However Li, 65, who has left the day-to-day running of the government to vice premier Zhu Rongji, was not the only senior official absent from the closing ceremony of the Communist Youth League at the Great Hall of the People in Beijing.

None of the six other members of the standing committee of the politbureau, the men who really run China, turned up either, but the reason was not immediately apparent, although party boss Jiang Zemin was in Shanghai for the East Asian Games.

Li Peng is officially suffering from a "bad cold", but according to several unconfirmed press reports carried by newspapers in neighbouring Hong Kong, which cite Chinese sources in Beijing, he has had a heart attack.

The premier announced his intention of returning to work when he has recovered in a letter to Communist Youth League delegates from the northwest province of Gansu.

"After recovering I will certainly visit Gansu to see everyone," he said in the letter which was carried on television here Sunday.

The official Xinhua news agency said last Friday that Li had been "advised by doctors to rest for some time" and that he had "entrusted Vice Premier Zhu Rongji" (with his duties). [passage omitted]

News of the state of his health is released in dribbles and no information has leaked out on where he is being treated, feeding speculation that he is not ill but in disgrace. [passage omitted on Li's stance on reform]

CYL National Congress Held in Beijing

Elects Central Committee

OW0905120993 Beijing XINHUA in English 0903 GMT 9 May 93

[Text] Beijing, May 9 (XINHUA)—The 13th National Congress of the Chinese Communist Youth League (CCYL) elected a new Central Committee with 165 members and 110 alternate members by secret ballot here today.

Among those elected, 236 people, or 85.8 percent, have a college education background; women account for 22.2 percent, while 13.8 percent are people of minority nationality origin.

The average age is 33.9 and 30 are below 25 years old.

Opened on May 3, the congress will close on May 10.

Li Peng Replies to Gansu Letter

OW0905115093 Beijing XINHUA Domestic Service in Chinese 1030 GMT 9 May 93

[Text] Beijing, 9 May (XINHUA)—Li Peng, member of the CPC Central Committee Political Bureau Standing Committee and premier of the State Council, recently wrote a reply letter to the Gansu delegation to the 13th National Congress of the Communist Youth League [CYL], in which he expressed the hope that the younger generation would contribute to fostering prosperity in their socialist motherland.

Li Peng's letter was read at the third plenary session of the 13th CYL National Congress today.

The Gansu delegation to the 13th CYL National Congress sent a letter, along with a hada [a piece of silk used as a greeting gift], to Premier Li Peng on 4 May, in which they conveyed their greetings to Premier Li Peng and expressed their wish that the premier would inspect Gansu at an early date. After seeing it, Li Peng wrote a letter on 8 May. The full text of his letter follows:

The Gansu provincial delegation to the 13th CYL National Congress:

I would like to acknowledge receipt of your letter and hada, and express my heartfelt thanks for you comrades. Through you, I would also like to extend my cordial greetings to all delegates to the 13th CYL National Congress.

The great cause of building socialism with Chinese characteristics requires unremitting efforts by generation after generation of people. Youth in our country shoulders heavy historic responsibilities. I hope that you will contribute to fostering prosperity in your socialist motherland.

The 13th CYL National Congress will conclude shortly. I hope that after returning to your units, you will earnestly implement the congress' guidelines, unify and lead the youth, work together with people of all nationalities in Gansu, and devote your youthful years to rejuvenating Gansu.

In closing, I would like to extend my cordial greetings to you, and through you, to the broad masses of CYL members and young people in Gansu. After I get well, I will surely visit you all in Gansu.

[Signed] Li Peng

[Dated] 8 May 1993

Leaders' Discussion With Delegates*OW1005080193 Beijing XINHUA Domestic Service in Chinese 1415 GMT 9 May 93*

[By reporter Wu Xiaozheng (0702 2556 1767)]

[Text] Beijing, 9 May (XINHUA)—Over last few days, Wan Li, Song Ping, and other comrades separately held discussions with delegates attending the 13th National Congress of the Communist Youth League [CYL]. They and the young people discussed their ideals about life and the future of the country freely and to their hearts' content. They encouraged the delegates to further strengthen the CYL's organization, take up the heavy responsibility assigned to them by history, and lead the broad masses of youth in participating in reform, opening up, and modernization more enthusiastically, and in making new contributions to achieving greater success of building socialism with Chinese characteristics.

On the mornings of 7 and 8 May, some comrades from the Anhui delegation and the Shandong delegation called on Comrade Wan Li, their former leader, in his Zhongnanhai office. Wan Li said to them: At present, our party regards economic construction as the central task. While economic development depends on scientific and technological progress, both the development of the economy and the development of science and technology will rely on young people. This is because the future is yours. Both history and practice prove that development is rapid wherever reform and opening up start early and proceed well. The current situation makes it necessary for us to accelerate the pace of reform, opening up, and socialist modernization. So, we must get united and participate in economic construction with one heart and one mind. Our country's past has left to the younger generation both experience and lessons. The experience and lessons have been summarized into an understanding: While guarding against right tendencies, we should also and mainly prevent "left" tendencies. "Left" tendencies cause the country distress. We had a great deal of lessons during the 10-year "Cultural Revolution"—a decline in production and in people's living standards and a break in the succession of qualified personnel. The lessons were too bitter. Wan Li encouraged the delegates to take up the historic responsibility and grow up to be successors of both ability and moral integrity.

Comrade Song Ping had discussions with the delegates of Gansu and Shandong on the afternoon of 7 May and the morning of 8 May. He discussed such questions as young people's ideals, world outlook, values, and study, as well as the CYL building. He said: The success of economic construction will of course rely on the central policies and the leadership of local party committees, but the role of the CYL members and youth is also very important. We should educate the younger generation to foster lofty ideals and devote themselves to work. When we advocate the "four have's" [young people should have lofty ideals, moral integrity, education and a sense of discipline], we particularly stress ideals. Only when we have lofty ideals, can we have be energetic with high morale. We often stress

patriotism. Patriotism is a concrete, not abstract, idea. It mainly means that we should love the PRC, the Chinese nation, and our land, people, traditions and culture. Although China is still comparatively backward, we should love it because our roots are here. We should step up the building of the spiritual civilization. It will not do if only the material civilization is enhanced while standards of social conduct are lowered. We must persistently stress both. We must not practice "money worship" and think only of money. Squandering money is a manifestation of spiritual barrenness. Young people should study hard while they are young and energetic. They should study theories, science and technology. In particular, they should study the basic theories of Marxism-Leninism, Mao Zedong Thought, and Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics. These theories should be applied in practice. Study is not limited to book-reading. We should also study and learn among the masses and during the course of practical work. The CYL should strengthen itself and particularly pay attention to building up its rural organizations. CYL activities should be enriched and invigorated.

Other leaders and veteran comrades also held discussions with the delegates attending the 13th CYL national congress. They included Wang Hanbin, Chen Junsheng, Ismail Amat, Wang Zhaoguo, Ngapoi Ngawang Jigme, Seypidin Aze, Qian Zhengying, Zhang Jingfu, Chen Pixian, Ye Fei, Fang Yi, Gu Mu, Ma Wenrui, and Yang Chengwu.

Leading comrades of some of the State Council's ministries and commissions called on the delegates of their respective professions.

Cadre Advocates Party, Government Integration*HK1005030093 Beijing JINGJI CANKAO BAO in Chinese 19 Apr 93 p 1*

[Article by Liu Fangsheng [0491 2397 3932] of the Hengyang County Government General Office, Hunan Province: "Integration of Party Committees and Government Organs Is Imperative"]

[Text] Integrating party committee and government organizations at the county and city levels is indispensable to earnestly converting the functions of party committee and government organizations at county and city levels, ironing out relations, achieving better staff arrangements and simpler administration, improving efficiency to create conditions for economic reform, and building the market economic structure and accelerating modernization. The reasons are as follows:

First, it is conducive to augmenting the county party committee's direct leadership in economic work. Presently, the general practice is that the county governor and his deputy in charge of day-to-day affairs participate in the county party committee standing committee, whereas most standing committee members do not directly lead economic work. However, many important issues call for discussion and decision by the county party committee standing committee; so the situation exists in which those

who are in charge of the economy have no final say in decisionmaking, and those who do not take charge of the economy have the final say. Should integration of party committee and government organizations be implemented, it would be conducive to unifying administration and decisionmaking.

Second, it is conducive to combining the administration of people and the administration of business. In the current practice of separating the party committee and government, the phenomenon exists by which those who appoint cadres are not familiar with those who are to be appointed, and those who are familiar with cadres have no say in the appointment of cadres.

Third, it is conducive to cutting back repeated decisions and overlapped administration, achieving better staff and simpler administration, and improving efficiency. In the existing practice of separating party and government, many issues which have been discussed at the government standing committee will have to be discussed at the party committee standing committee as well. Various related government departments have to report work to the responsible government departments, the government standing committee, the county party committee members who are in charge of work in certain arenas through division of labor, and the county party committee standing committee. Thus, related departments have to report the same issue three and four times, but still fail to acquire an answer to their reports. There are numerous cases of repeated surveys and studies of the county party committee and government general offices, as well as repeated issuance of documents, which inevitably spells expansion in the staff as well as expenditure and low efficiency.

As the party committee and government organizations are integrated, specific measures will be adopted, namely, the office of the county party secretary and the office of the county governor will be taken by one person concurrently, and all vice county governors who are party members will concurrently be county party committee standing committee members; the establishment of the county party committee general office will be abolished, with the office of one or two secretaries-general maintained; the organizational department will be merged with the personnel department; and a general office will be set up in the government, with the establishment of one or two secretaries in charge of party affairs.

To realize the integration of party committee and government organizations at county and city levels, the following issues must be resolved:

First, it is necessary to fully see the necessity of integrating party committee and government organizations, and emancipate the mind; we should see that the division of labor between the party and government implemented a few years ago were one of the measures adopted under the circumstances of bringing order out of chaos with government function remaining unchanged. Now the situation has undergone changes, hence the need of corresponding changes in the party and government structures.

Second, it is necessary to make appropriate arrangements for existing leading cadres and workers of existing county committees. During the transitional period, the number of party committee standing committee members can be appropriately increased.

Third, to reduce unnecessary trouble, it is appropriate to follow the unified practice formulated by the central authorities so that the grassroots have some regulations to follow.

Fourth, it is imperative to further complete and perfect the people's congress system, augment the legislative and supervision functions of the people's congress and its standing committee, and give better play to the people's deputy's role.

Circular Bans Accepting Money, Securities Gifts

OW1005011393 Beijing XINHUA Domestic Service in Chinese 1400 GMT 7 May 93

[Text] Beijing, 7 May (XINHUA)—The General Offices of the CPC Central Committee and the State Council recently issued a circular strictly prohibiting party and government organizations, as well as their working personnel, from accepting and giving money and negotiable securities as gifts during official activities.

The circular noted: The party's Central Committee and the State Council drew up regulations on several occasions on the issue of accepting and giving presents by party and government organizations, as well as their working personnel, during official activities; however, violations of these regulations occurred from time to time in some areas, departments, and units. Accepting and giving money and negotiable securities are very corrosive practices, because they not only violate the financial management system and the financial and economic discipline of the state, but also induce corruption, such as offering and taking bribes, trading power for money, and refusing to handle official matters without receiving benefits. They also corrupt the party's and government's work styles; damage their images; and adversely affect the sound development of reform, opening up, and economic construction. In this connection, the following circular is issued:

1. Party and government organizations at all levels, as well as their working personnel (including cadres who have retired and personnel entrusted and appointed by the party and government organizations to conduct official business), and, in particular, leading bodies and leading cadres, are prohibited from accepting money and negotiable securities as presents under any name or in disguised form during official activities, including ceremonies, celebrations, press conferences, and economic activities. Anyone who accepts money and negotiable securities as a present in violation of the regulations shall be resolutely investigated and subject to discipline measures by the party and the government according to the amount of the gift and the seriousness of the case. Those who ask or hint to the other party to give money or negotiable securities as a gift shall

be severely punished. Those who violate the criminal law shall be punished according to the law.

2. All areas, departments, and units (including enterprises and institutions) are prohibited from giving money and negotiable securities to party and government organizations, as well as to their working personnel during various meetings, such as business meetings, receptions, trade fairs, and news conferences; and during various other activities, such as ceremonies, celebrations, memorial and business activities, and activities in other forms or with other names. Relevant leading cadres of any area, department, or unit that violate the regulations shall be investigated and be held responsible.

3. All money and negotiable securities received as gifts by party and government organizations at all levels and their working personnel in foreign affairs-related activities, because it is difficult for them to turn down such offers, must be turned over to the State Treasury within one month after they are received. Those who fail to do so within the time limit shall be punished on charges of corruption.

4. All areas, departments, and units must resolutely implement the regulations mentioned above. Leading cadres at all levels must conscientiously take responsibility, be strict with themselves, take the lead in implementing the regulations, strengthen education and control over working personnel in their respective areas, departments, and units, and step up supervision and examination of implementing the circular. Apathy is absolutely prohibited. Financial departments at all levels must improve financial management and bring the expenses of money and negotiable securities to be spent as gifts under strict control.

Auditing organs at all levels must look upon the issue of giving money and negotiable securities as presents as a day-to-day supervisory duty, through auditing and strictly enforcing financial and economic disciplines. Banks must strengthen control over cash and strictly prevent fraudulent obtainment of cash; and all savings organizations are prohibited from accepting business from any domestic unit or individual who uses public funds in opening gift deposit savings accounts for others. The party's discipline inspection organs and administrative supervisory organs at all levels must conscientiously handle the masses' reports on offenses; strictly investigate and deal with cases involving accepting or presenting money and negotiable securities as gifts by party and government organizations, as well as their working personnel; and publicly handle typical serious cases that produce abominable influence to warn others against following bad examples.

5. All areas, departments, and units must take this circular as the standard in case the relevant regulations they drew up in the past are inconsistent with the guidelines of this circular.

Commentator on Corruption, Gifts

HK0905072293 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 8 May 93 p 1

[Commentator's article: "Execute Orders and Proclaim Prohibitions, Oppose Corruption and Advocate Clean Government"]

[Text] Recently, the General Offices of the CPC Central Committee and the the State Council issued a circular, strictly prohibiting party and government institutions and their staff from taking and giving gifts of money and securities in official activities. This was an important document for consolidating the incorruptibility of the party and government institutions, opposing corruption, and guaranteeing the healthy development of reform, opening, and economic construction. Party and government organizations at all levels should conscientiously study and resolutely implement it.

In a certain period, some enterprises, disregarding the explicit orders and bans issued by the party Central Committee and the State Council, gave gifts of money and securities in various names and forms to party and government institutions and their staff. The practice of receiving gifts of money and securities also became more prevalent among the staffs of party and government institutions. This corrupted the morals of party and government personnel, slurred the reputation of the party and the government, and aroused resentments among the people. The circular demanded that such phenomenon be resolutely checked. This was a timely and necessary action, which was also very popular.

A few years ago, Comrade Deng Xiaoping pointed out: "We have achieved remarkable results in the aspect of economic construction, and the situation is gratifying. This represents our country's successes. However, if people's conduct continues to get worse, will the successes in economic construction make any sense? Such moral degeneration may in turn corrupt the character of the economy as a whole, and there may be a world dominated by corruption, embezzlement, and bribery." This remark is still highly pertinent to today's situation. General Secretary Jiang Zemin recently pointed out: The construction of material civilization and the construction of spiritual civilization are complementary to each other, and neither can do without the other. Only when both civilizations are successfully built can we be regarded as successful in the building of socialism with Chinese characteristics. If some people are mired in moral degeneration and if the prevailing conduct is not good, it will be very hard for us to actually boost the economy. Even if the economy is enhanced, it will still be hard to consolidate it. It is necessary to make great effort to advocate the correct ideal and belief and the noble morals among the entire party members and the masses, to resolutely oppose the mentality of money fetishism. These words are of great importance. We should understand the great significance of implementing the circular from this angle.

Under the new situation of developing the socialist market economy, attention should be paid to the law of value and people's material interests, and outdated ideas should be changed. However, this never means that we may discard the ideal and disregard discipline and spiritual civilization. The corrupt practice of giving and taking bribes and abusing power to seek selfish gains among government institutions and functionaries is also banned by law in capitalist society; still less can this be allowed to exist and spread in our socialist market economy.

The circular set forth explicit and concrete requirements for all quarters concerned on strictly prohibiting the activities of giving and taking gifts of money and securities. All localities, departments, and units should immediately take action to ensure the implementation of the circular. The key its implementation lies in the behavior of leading cadres at all levels. They should, first, actually bear responsibility, set strict demand on themselves, and set a good example for others in taking the lead to abide by the requirements of the circular; second, they should conscientiously explain the great significance of the circular to the staff in their localities, departments, and units, and more effectively conduct education and management; third, they should work out concrete measures, regularly examine implementation of the circular, and never allow anyone to act perfunctorily.

Personnel of the party and government institutions should firmly bear in mind the principle of serving the people wholeheartedly, carry forward the noble and selfless spirit of "worrying long before the rest of the world begins to worry and rejoicing only after the rest of the world has rejoiced," strictly abide by laws and discipline, work in a down-to-earth manner, and make new contributions to the advances of reform, opening, and economic construction. This is a new task and also a new test under the new situation. We believe the vast majority of the personnel in party and government institutions will be able to stand this test.

Beijing Secrecy Bureau's New Publishing Rules

HK1005052593 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0922 GMT 22 Apr 93

[Text] Beijing, 22 Apr (ZHONGGUO TONGXUN SHE)—The Beijing Municipal Bureau of State Secrecy laid down new regulations on the printing of secret documents some days ago. The regulations specify that: All enterprises and self-employed business operators that are engaged in commercial typesetting, plate making, printing, binding, or blueprinting and nonprofit printing houses of party, government, and military organs, social organizations, enterprises, and institutions shall, between 15 April to 15 May, bring their business licenses to the municipal state secrecy bureau or bureaus in their respective districts or counties for registration and filing; those which are opened or whose names, addresses, or scope of operation are changed after 15 May must go through registration or refiling procedures with the municipal bureau or their district or county bureaus; the municipal bureau shall, by considering the applications and needs, designate a

number of official units for profit-making reproduction of carriers of state secrets; the system of designating specific units for printing or copying carriers of state secrets by issuing permits shall enter into effect as of 1 July and undesignated units are forbidden to undertake the printing or reproduction of carriers of state secrets, or else the personnel involved will be prosecuted according to law.

The Beijing Municipal Bureau of State Secrecy promulgated the above regulations after intercepting two major leakages of secrets in succession. It is learned that the number of leakages in the course of printing and reproducing secret documents and data has been on a rise in recent years. This has to do with the fact that the number of printing units has quickly expanded, while security control has failed to catch up with the expansion in time.

In 1990, Beijing Municipality had 800-900 printing or copying units, and this figure rose to over 1,400 in March 1992. It is estimated that there are 2,000 of them today.

It is learned that the Beijing Municipal Bureau of State Secrecy will select 200 from them as official units for printing classified documents.

State Security Legal Work Meeting Closes

OW0805134293 Beijing XINHUA Domestic Service in Chinese 0903 GMT 26 Apr 93

[Text] Beijing, 26 Apr (XINHUA)—A five-day national meeting on state security legal work closed in Beijing 26 April. The meeting studied the new happenings and problems in legal work on the covert front in the new situation, as well as ways to implement measures for stepping up state security organs' legal work.

The meeting maintained that, as state security work has developed and strengthened, state security organs' legal work has become an important and indispensable part of state security work. With efforts over the years, state security organs have markedly improved their skills in enforcing law and implementing policies. The framework of the legal system of state security organs, which is based on the "State Security Law," has initially been established, and the system is being gradually enriched and refined.

The meeting urged state security organs at all levels to give full play to the important role of state security organs' legal work; to study and deal with the new situations and problems in light of the development in struggles on the covert front; and, according to law, to prevent and crack down on all law-breaking and criminal activities that compromise state security to provide a safe environment and legal services for the country's reform, opening up, and modernization.

A responsible person of the State Security Ministry made a report at the meeting on stepping up state security organs' legal work in all respects, focusing on studying and enforcing the "State Security Law" to do better state security work.

Responsible comrades in charge of legal work of state security organs of all provinces, autonomous regions, and municipalities attended the meeting.

Zhao Ziyang Seen Playing Golf in Beijing

OW1005090193 Taipei China Broadcasting Corporation News Network in Mandarin 2300 GMT 9 May 93

[From the "Hookup" program]

[Text] According to eyewitnesses, former Chinese Communist General Secretary Chao Tzu-yang [Zhao Ziyang], who fell out of power because of the "4 June" incident in 1989, reappeared 8 May at the (Changping) Golf Course in a Beijing suburb where he was seen playing golf. The eyewitnesses said that Chao Tzu-yang appeared to be in rather good health and in a relaxed and cheerful frame of mind. It looked as if the Chinese Communists have relaxed much of the house arrest measures imposed on him. But it is still unclear as to whether Chao Tzu-yang will reappear on the political arena in future.

Shanxi Police Chief Jailed for Fatal Beating

HK1005082893 Hong Kong AFP in English 0748 GMT 10 May 93

[Text] Beijing, May 10 (AFP)—China has jailed a police chief for inciting the illegal detention and beating to death of a man who hit his son, the official LEGAL DAILY [FAZHI RIBAO] reported Monday.

In the most high-profile case of torture reported in recent memory, a court in China's Shanxi Province sentenced Linyi County Public Security Bureau chief Ning Haide to three years in prison, the newspaper said.

Lu Lianbao, vice warden of the Linyi Detention Center, was jailed for four years and warden Yang Weidong and seven others received suspended sentences.

Together, the three justice officials "instigated and connived" to get inmates Liu Zongren and Sun Yonggang to beat to death the father of a vegetable stall owner who had argued with the police chief's son, the paper said.

The two inmates were sentenced to death.

Ning's son plowed into He Xiangming's vegetable stand with his motorcycle on January 21, resulting in a shoving match over compensation. Ning then illegally ordered He, his father, and his uncle detained, the paper said.

The uncle was also beaten by inmates.

The murder first came to light during the annual meeting of China's parliament in March, when Shanxi delegates complained about the case. Shanxi's governor immediately vowed to punish officials responsible.

According to official figures, China has investigated 1,687 cases of extorting confessions by torture by police and judicial officials since 1988, but human rights groups claim the figure to be much higher.

The country's top prosecutor, Zhang Siqing, said in March that stress would be placed on preventing torture.

"No matter whoever is involved in such cases, we will launch investigations through to the end and punish offenders according to the law," Zhang said.

China signed the UN Convention Against Torture in 1988.

Li Peng Inscribes for Reading Campaign in Mar

OW0705135293 Beijing Central Television Program One Network in Mandarin 1100 GMT 7 May 93

[By reporter Liu Jingshan (0491 0079 1427); from the "National News Hookup" program]

[Excerpt] The fourth national reading campaign for primary and middle school students, entitled Improving the Spiritual World, which focuses on studying, cherishing, and utilizing science, opened today in Beijing.

Li Peng wrote an inscription for the campaign: Improve the Spiritual World. [video shows the inscription was written and signed by Li Peng in March 1993] [passage omitted]

READERS' DIGEST Magazine To Change Name

OW0805130493 Beijing XINHUA in English 0924 GMT 8 May 93

[Text] Lanzhou, May 8 (XINHUA)—The dispute over name between the Chinese monthly "READERS' DIGEST" and the American "READER'S DIGEST" Chinese edition is over.

The Chinese monthly is to change its name to "READERS" from July.

Started in 1981, the Chinese "READERS' DIGEST" is one of the most popular magazines in the country with monthly sales of 3.5 million copies.

In September 1989 the State Bureau of Trade Marks approved the monthly's application for registration of trade mark.

However, the Chinese edition of the American "READER'S DIGEST" lodged its trade mark application in 1983, although at that time it did not circulate in China.

In August 1990, the American publishers appealed to the State Bureau of Trade Marks against the Chinese company's use of the name "READERS' DIGEST."

Following mediation between the parties concerned the Chinese publishers agreed to change their magazine's name.

Zheng Yuanxu, deputy chief editor of the monthly, said that only the name will change. Its purpose and contents will remain untouched. The editorial board will continue its efforts to improve the quality of the monthly.

'English Name' Change for State Radio Explained

*OW1005094093 Beijing XINHUA in English 0926
GMT 10 May 93*

[Text] Beijing, May 10 (XINHUA)—A senior executive at the country's Central People's Broadcasting Station (CPBS) today explained why the station is changing its English name to "China National Radio" (CNR).

He said that the old name is inaccurate in depicting the media's state nature as well as its nationwide influence, and it obscures the demarcation line between radio and television.

"It has caused uncertainty among foreigners," he said.

To bring the name into line with international norms and make it accurate and scientific, the executive said, based on studying similar foreign examples, the station began to use the new name from May 1, 1993.

The new title was approved by the Ministry of Radio, Film and Television. However, the original name will remain unchanged for the domestic audience.

CPBS, which now boasts 700 million listeners nationwide, grew out of the XINHUA Broadcasting Station founded in 1940 in Yanan, the communist Red Army's campsite.

Guangxi Airls TV Serial 'Zhou Enlai'

*OW1005082693 Beijing XINHUA Domestic Service in
Chinese 2104 GMT 1 May 93*

[From item "Cultural World"]

[Excerpt] Beijing, 2 May (XINHUA)—On the eve of the 95th birth anniversary of the great proletarian revolutionary Zhou Enlai, Guangxi Motion Pictures Production Company, after featuring the film "Zhou Enlai," cooperated with Guangdong Television Station and Guangxi Television Station in editing and compiling a large amount of valuable and touching scenes that the company shot during the shooting of the film "Zhou Enlai" and that were not incorporated in the film, completing a six-part television serial "Zhou Enlai." The serial is currently being aired by Guangxi Television Station.

Economic & Agricultural

Beijing To End Grain, Edible Oil Rationing

*OW0905090393 Beijing XINHUA in English 0805
GMT 9 May 93*

[Text] Beijing, May 9 (XINHUA)—Beijing, the Chinese capital, will lift the control over the purchasing and retail prices of grain and edible oil starting from May 10, and this means an end to grain and edible oil rationing in force since the 1950s.

All ration coupons will be abolished, according to the Beijing municipal government.

At the same time, the city will also lift the price control over soy sauce, vinegar and milk.

To safeguard the interest of consumers, workers in government and state enterprises will receive a 10 yuan subsidy a month.

An official with the municipal government explained that the move will be helpful for adjusting agricultural production in accordance with market mechanisms.

Relevant agencies forecast that the retail prices of the commodities involved will rise 12 to 40 percent within the tolerance of consumers.

In fact, price hikes with such commodities have been made known to Beijing residents a few days ago and so far, the market has remained very calm.

Economists say that there will be no panic buying after the prices are raised and the market will remain stable as there has been successful experience with price reforms and a sufficient supply of grain and edible oil products in both state-run grain shops and free markets.

The municipal government will establish a grain reserve system, set up a grain risk fund and allocate special funds to the construction of grain markets so as to protect grain production and and keep prices of grain products stable.

Shanghai, Tianjin, Guangdong, Sichuan and a few other provinces and cities in the country have already lifted the control over the prices of grain products and cooking oil.

Wang Zhongyu on Jan-Apr Economic Situation

*OW0705144393 Beijing XINHUA Domestic Service in
Chinese 1057 GMT 7 May 93*

[By reporters Zhang Chaowen (1728 6389 2429) and Cong Yaping (0654 0068 1627)]

[Text] Beijing, 7 May (XINHUA)—Wang Zhongyu, minister in charge of the State Economic and Trade Commission, discussed China's current economic situation and answered reporters' questions on a number of flash-point economic issues at a news conference sponsored by the State Council Information Office and attended by Chinese and foreign reporters today.

China's Economy is Growing at a Relatively High Speed

Wang Zhongyu summarized the current economic situation as follows: The situation in general is good, with the national economy growing at a relatively high speed; however, some problems have occurred in the process of development that should be noted and tackled earnestly. The problems that have occurred should be tackled through in-depth reform.

Wang Zhongyu explained: Since February last year, when Comrade Deng Xiaoping gave talks during his inspection tour of south China, the national economy, calculated in terms of comparable prices, has grown at a relatively high

rate of 12.8 percent over the previous year, providing a good beginning for the Chinese economy to reach a new stage of development in the nineties. On the basis of last year's growth, China's national economy continued to grow at a relatively fast speed in the first four months of this year. The total industrial output value in the first four months of this year is expected to reach 1,034.1 billion yuan, an increase of 22.9 percent over the same period last year, and China's GNP rose 14.1 percent during the first quarter. The economies of all types of ownership have grown at varying degrees during the first four months.

At the same time when production was growing at a high speed, enterprises' economic efficiency was also improving. The nation's industrial enterprises covered by the budget reported a 93.11-percent rate for product sales, and the profits and taxes paid by them to the state rose 39 percent during this period over the same period last year, with profits increasing 200 percent.

China's urban and rural markets reported brisk business during the January-April period, thanks to an abundance of commodities and the existence of strong purchasing power. The total value of retail sales during the first quarter rose 16.2 percent over the same period of last year, with the value of retail sales in cities rising 24.7 percent. China's import and export volume rose 16.4 percent in the first quarter, with imports growing 25.4 percent over the same period of last year. The country's foreign exchange reserves [xian hui jie cun 3807 0565 4814 1317] also increased, compared with that at the beginning of the year. Generally speaking, the national economy's high rate of growth is positive and healthy.

The Four Problems That Have Emerged in the Course of Economic Growth Should Be Resolved by Deepening Reform

While briefing reporters on the economic situation, Wang Zhongyu analyzed the four major problems that have emerged in the process of rapid growth.

First, investment in fixed assets has reached an excessive scale, making the investment structure irrational. In the first quarter of this year, investment in fixed assets rose 70 percent compared with the same period last year, and in many localities the problem of overlapping construction has cropped up. The problem of an irrational investment structure, which has existed for a long time, has not been satisfactorily resolved, resulting in a shortage of funds throughout the country.

Second, the restraining effect of "bottlenecks," which has been present for a long time in the course of rapid economic growth, has further intensified. The serious restraining effect now lies mainly in the field of transportation, railway transportation in particular. In the first quarter of this year, total rail freight volume dropped 0.5 percent compared with the same period last year, falling far behind the needs of a rapidly growing national economy.

Third, the problem of low economic efficiency among enterprises has not been fundamentally solved, and as a whole, their economic performance is low.

Fourth, commodity prices have been rising excessively. In the first quarter of this year, the total retail sales index rose 8.6 percent over the same period last year. The cost of living expenses in the first quarter increased 10.5 percent over the same period last year; the figure was 15.7 percent in 35 large and medium cities. Meanwhile, the general price level in the capital goods market also rose 38 percent over the same period last year.

Wang Zhongyu said: The state is concerned about the problems that have emerged and will attempt to solve them by deepening price, tax, and credit reforms, and reform in the capital construction investment field, so as to ensure that the national economy will grow healthily.

The Economy Will Grow Rapidly This Year

Wang Zhongyu held that the national economy will grow at a fairly rapid rate this year. Although the macroeconomic environment is strained, no serious imbalance between total supply and total demand has emerged. He noted that China's Government will adopt further measures to speed up the development of such basic industries as agriculture, transport, and energy to maintain the healthy growth of the national economy this year and for a long time to come.

Wang Zhongyu analyzed inflation, a problem of concern both inside and outside China, saying: Since the beginning of last year, price reform has advanced at a fairly quick pace in China. Price controls on grain have been lifted in many provinces and cities. Besides, many reform measures were implemented in the second half of last year. As a result, prices rose by a wide margin in the first quarter of this year. In 1993, if the state adopts the necessary measures to exercise greater control, it will be possible to keep the increase in the price index at about 8 percent, thus avoiding the reoccurrence of the situation in the mid-eighties.

State Enterprise Wage Reform To Deepen

OW0805120593 Beijing XINHUA in English 1146 GMT 8 May 93

[Text] Beijing, May 8 (XINHUA)—China is to deepen reform of the wage distribution system in state-owned enterprises this year in a bid to smash egalitarianism.

The reforms will also result in widening wage gaps among workers according to each employee's efficiency and skills.

After the People's Republic was founded in 1949, all workers were paid the same wages regardless of individual productivity or creativity. But as part of ongoing economic reforms, the government has determined that wage levels should more accurately reflect individual merit and output.

Zhu Jiazhen, deputy-minister of labor, said at a conference held here today that more than 41 million workers in

state-owned enterprises, or more than half of the state's total, currently have their income tied to performance and productivity.

The new wage distribution system has greatly raised workers' enthusiasm and helped to boost productivity.

However, problems remain in the current system, according to Liu Zhifeng, vice-director of the State Commission for Restructuring the Economy.

Liu said that under the present system, workers' income can be broken down into two categories: Wages and bonuses on one hand, and free medical care and other forms of welfare on the other.

According to Liu, workers' income at present is graduated only in terms of basic wages and bonuses. But welfare benefits are still distributed among workers equally regardless of individual performance.

The principle of payment according to one's work has not been completely carried out, Liu said.

To smash egalitarianism completely, according to Liu, enterprises should combine the two categories and distribute both according to individual performance and skills.

Along with the reforms of pricing, housing and medical systems, various kinds of allowances and welfare benefits should be gradually merged into the proportion of wages so as to expand the cash income of the workers.

Liu said that enterprises should adopt wage distribution measures that improve economic efficiency and raise the workers' enthusiasm in production.

Enterprises will enjoy full autonomy in income distribution, without interference from the government, Liu said.

But the state will practise macro-control over enterprises' total payroll in light of each firm's management, economic efficiency and success on the market, Liu added.

Economist on Illegal Transfer of Public Assets

HK1005100093 Beijing LIAOWANG in Chinese No 15, 12 Apr 93 pp 13-14

[An interview with "young economist" Fan Hengshan (5400 1854 1472) by staff reporter Dong Ruisheng (5516 3843 3932): "Guard Against the Illegal Transfer of Public Assets in the Course of Moving Toward Market Economy"]

[Text] [Dong] The ultimate aim of developing the socialist market economy is to stimulate the development of productive forces and boost the growth and expansion of public assets to provide a solid material foundation for society's constantly growing material and cultural needs and to realize common prosperity. According to reports, however, in the course of moving toward the market economy, there occasionally occurs the phenomenon of illegally transferring public assets to individuals. This

poses a threat to efforts to preserve and increase the value of public assets belonging to the people of the whole society.

[Fan] We take note of that. The various actions and methods of illegally transferring public assets to individuals show signs of escalating. Apart from cases of obvious corruption and forcible appropriation, on most occasions people have taken advantage of the loopholes in structures, policies, rules, and regulations, the use the power in their hands, and the convenience offered by their jobs to seize public property. Some have conducted underground transactions on administratively transferred property, such as office buildings and land, to obtain huge amounts of "kickbacks" or transaction income. This has not only incurred losses to the state amounting to tens of billions of yuan but has also resulted in a drastic reduction of state-owned land, especially purchasable land. Some have increased at will the ratio of "dividends" issued to individuals in the joint-stock enterprises where public-owned stocks are predominant; others have speculated on "legal person stocks [fa ren gu 3127 0086 5140]" with public money and distributed the profits to individuals; some have taken advantage of the "dual-price system" to speculate on quotas or fair-price quotas for capital goods, and the burden will eventually be shifted onto state-owned enterprises; some have disposed of public assets to individuals at strikingly low prices; some have utilized the shortcomings in the contract system, such as being responsible for profits but not for losses, and used various methods, such as preparing two sets of accounts, having an account but without the relevant money, distributing more to individuals while retaining less for enterprises, outwardly reaping profits but actually incurring losses, and selling goods at lower prices than purchasing prices, to turn themselves into upstarts while the enterprises they contract for have more debts than assets or are reduced to empty shells, filling their briefcases with state-owned assets; and some have even juggled invoices and used public office for private gain.... All these are like a huge "black hole" swallowing public assets, turning the remaining assets into "empty shells," and "shrivelling" the portion that should have been increased. This totally runs counter to our original plan to practice the socialist market economy.

[Dong] What are the causes of the aforesaid conditions?

[Fan] There are many reasons but a fundamental point is that our market economy is conducted on the basis of a planned economy characterized by high centralization, fixed targets, decentralized investments, approval of projects, and distribution of materials. This will easily lead to the combination of administrative power and the operational activities of the market economy, which are basically aimed at making profits, and breed the practice of using one's power (including privileges that go with one's job) to seek personal gain. The numerous loopholes existing during the transition period due to the coexistence of dual structure, incomplete laws, and unsound systems have provided the conditions for the abuse of one's power to seek personal gain. There are generally three kinds of

harm done to public assets: first, the loss in assets as a result of poor operational ability and improper operational methods; second, the waste in assets as a result of direct or indirect, tangible and intangible practices (such as spending enormous sums of money on meetings with duplicate topics and publishing books and other material with no practical value); and third, the transfer of public into private assets by illegal means (the forms of manifestation may not be illegal). The harm of the first two has been taken seriously or has drawn attention to a certain extent; the third has actually caused more direct and serious losses but has not drawn people's full attention. Therefore, in the course of shifting to the market economy, we should particularly guard against and effectively prevent the illegal transfer of public assets to individuals.

[Dong] If this state of affairs is not overcome or curbed, it will not only be difficult to realize the integration of public ownership and market economy but the illegal transfer of public assets belonging to the whole people to a small number of people will eventually undermine the basis for practicing the socialist market economic structure and lead to social chaos.

[Fan] Yes. To prevent and overcome the illegal transfer of public assets to individuals, aside from taking such stopgap measures as enforcing strict financial and economic discipline and plugging policy-related loopholes, the key lies in taking radical measures. That is to say, we should reform the existing public equity system marked by a situation in which all people are masters and have a share but nobody cares or takes charge; establish a new one which is consistent with the requirements of the market economy and which has a clearly-defined relationship of subordination and a clear demarcation line in terms of interest; tighten controls over equity relations; and develop a system or an operational mechanism which preserves and increases the value of public assets as does the one which safeguards private property. To better solve this issue, it is necessary to clarify the following points:

First, the public economy includes not only the state-owned sector but also the collective sector, township and town sector, state holding sector, and the sector in which the stocks are mainly held by public legal persons. It includes not only the state-owned and state-run economy but also the state-owned but civilian-run economy.

Second, the public economy is manifested not only in the ownership of equity but, more importantly, in the operational efficiency and returns of the enterprises under certain public ownership, i.e., whether they can increase the value of public assets and increase the overall economic strength of the state.

Third, the dominant status of public economy, especially the state-owned economy, is not necessarily and absolutely manifested in whether it accounts for a major portion. More importantly, it is manifested in its control of the basic industries and other important spheres vital to the national economy and the people's livelihood and its radiation, example, and influence to other economic sectors.

Fourth, the actual strength of the public economy is manifested not only in its material formation but also in its value or currency formation. Taking advantage of such features as the strong fluidity in currency and great changes in its gold content [han jin liang 0698 6855 6852], the public economy can quickly and effectively readjust and realign its industrial structure and preserve and increase the value of state-owned assets.

Fifth, remaining immobile will only harm the actual value (including invisible and visible wastage) of state-owned assets for only in the movements (including market transactions) can the value of state-owned assets be preserved and increased.

[Dong] Can we make the following summation, namely, for a long time in the past, our practice of attaching more importance to form than to contents and efficiency; to "size" than to practical influence; to material formation than to currency formation; and to the "passive" adherence of static state than to an increase in value through circulation was the most basic reason for the serious harm to public assets and the illegal transfer of public assets to individuals?

[Fan] That is correct. Precisely because of that, there are the following consequences: The public assets of an enterprise which are protected with great efforts are eventually corroded and lost and what we actually hold is the "empty shell" of a "public-owned" enterprise. This cannot but leave people in an awkward position. If this should go on, a good thing will turn into a bad thing and the consequences will be beyond imagination. For this reason, it is necessary to uphold a correct idea on the public economy and conscientiously do a good job in conducting corresponding reforms. In addition to establishing an effective system for state-owned assets, we should focus on carrying out the following tasks properly: First, screen and determine enterprise equity and, on the basis of assessing assets, reappraising the stocks and assets, and registering equity, define the basic goals and responsibilities of enterprises or individuals in running, using, and disposing of state-owned assets. Moreover, it is necessary to separate ownership of state-owned assets from the operational right and set up institutions which are suited to the requirements of the market economy and are specially engaged in running state-owned assets to preserve and increase the value of state-owned assets. Second, quicken the building and cultivation of equity transaction markets so that the transfer, purchase and sale, and preservation of and increase in value of state-owned assets can be conducted or realized in an equal, open, and just manner. Third, establish and amplify the laws, rules, and regulations for supervising, managing, operating, and disposing of state-owned assets and incorporate the entire operational process of preserving and increasing the value of state assets into a standardized legal environment.

[Dong] In the course of establishing a new market economic structure, we should not handle the issue of illegally

transferring public assets to individuals lightly or perfunctorily; nor should we oppose the transfer of public assets to nonpublic departments and individuals indiscriminately.

[Fan] Right. We should not work in terms of absolutes. In fact, it is both necessary and beneficial to legally transfer some portions of public assets which are suited to the present development level of productive forces and the requirements of the socialist market economy. While striving to explore a concrete form to realize a dynamic and efficient public economy in light of the actual conditions, we should transfer some state-owned enterprises to legal persons within and without the borders through public auction and other methods. In principle, this refers to enterprises which the state has no need for or the capability to manage. They are principally small state-owned industrial enterprises, retail businesses, catering and service trades, and medium enterprises which have suffered losses for a long time and whose assets cannot offset their debts. This will not only enable the state to lay down a heavy burden but redeem a considerable loss of assets so that it can invest in more important departments and industries. Conversely, now that it is no longer owned by the state, that portion of assets can bring its efficiency into better play and thus promote social production and meet the people's daily needs. The state can collect some income through taxation and other means in order to develop and expand the state-owned assets and engage in public welfare and basic construction. We should never turn pale at the mention of the word "private." The role of the private economy or nonpublic sector, as a component part of the pattern of socialist society's economic relations in the present stage, is actually not limited as a supplement to the public sector because it can also promote the development of the public sector. The key lies in whether or not we can adopt a correct attitude toward it.

Leaders Seeking Consensus on Economic Situation

HK0905085093 Hong Kong WEN WEI PO in Chinese
9 May 93 p 2

[By staff reporter Chen Chien-ping (7115 1696 1627): "Central Leaders Make Inspection Tours Across the Country To Seek Consensus on Economic Situation"]

[Text] Beijing, 7 May (WEN WEI PO)—The CPC higher leadership recently stressed that cadres at all levels, especially leading cadres, must "seize" treasure; and, in a scientific manner, use the present opportunity. It is necessary to seize not only the opportunity for development but also the opportunity for reform."

Information has it that immediately after the March National People's Congress session, the central authorities called chief government officials of all provinces, municipalities directly under the central government, and autonomous regions to attend a briefing on the current economic situation. After the briefing, leaders on the central top policy-making stratum departed on inspection tours around the country. An authoritative source here disclosed that in taking the above-mentioned actions, the central

authorities want to satisfy General Secretary Jiang Zemin's requirement: "It is extremely important for our high-ranking cadres to reach a consensus on the situation." The authoritative source said the central higher leadership fully endorses the current economic development on the whole. Talking about this question, General Secretary Jiang Zemin reiterated: Generally speaking, the current economic situation is very good and the development trend is wholesome. This is the substance and mainstream of the current economic situation.

However, while being positive about achievements, the central authorities also urge people to be soberly aware of problems in the way ahead.

From an overall point of view, one can find that the economic structure has not been improved or has deteriorated instead in some localities. Meanwhile, the aggregate demand of society has been growing too rapidly, thus making existing structural problems more prominent; the industrial structure has not been improved either; the regional economic structure is unbalanced; as far as the ownership structure is concerned, the margin of growth in the output value of the state-owned economic sector is noticeably lower than that of the nonstate-owned economic sector. The central authorities believe that this problem, in the final analysis, can be attributed to the fact that the traditional planned economic structure remains untouched at the roots, and the socialist market economic structure has not taken shape yet.

Historical experience has proved that high speed economic growth based on an old system, old methods, and old structure will incur very high risks. It will be hard to keep a sustained high economic growth rate if one simply introduces a new system without reforming the old one and lets the evils inherent in the planned economy and the market economy combine together, that is to say, adds haphazardness in production to the practice of eating from the same big pot. Therefore, speeding up reform, especially the reform of the investment, monetary, and financial systems, is the focal point of the economic work at present.

It is reported that the central authorities are now studying some measures in light of the characteristics of the current economic situation. Among these measures are: Raising the interest rates for bank deposits and loans; stopping the nationwide precipitate fund raising campaign; actively and properly carrying out intra-enterprise joint-stock system pilot projects, within the limits of regulations; having banks sort out and retrieve, before a deadline, loans that have been granted inappropriately or that are overdue; readjusting the regional distribution of funds; and reiterating the necessity of strictly enforcing the "Regulations on Transformation of the Operational Mechanism of Industrial Enterprises Under the Ownership by the Whole People." As far as reform is concerned, in the investment system, the focus will be placed on the establishment of an investment controlling mechanism and a macroscopic regulation and control system for investments in fixed assets; the monetary system will be reformed to suit the reform of the investment system; the financial system will

be reformed as well; and enterprise reform will be developing in depth to intensify the system of supervision, regulation, and incentive for enterprises. The authoritative source said: The central authorities urge people to seek a consensus, and the crucial point is that it is necessary to seize the opportunity and act according to the laws of economic operation. It is necessary to proceed in everything from reality, strive to optimize the economic structure, promote technological progress, improve management, and raise economic returns. A higher economic growth rate is to be attained on this basis.

State Cuts Continue Decline in Nonfarm Jobs

HK0905061093 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 9-15 May 93 p 8

[Article by Song Ning: "More Jobs in Non-Farm Sector Being Cut"]

[Text] China's non-agricultural employment continued to drop in March due to cuts in the State workforce.

The country's total non-agricultural workforce reached 146.4 million people by the end of March, 1.5 million less than the same period last year, according to the State Statistics Bureau.

In the State sector, the government is cutting the permanent workforce while increasing the number of workers under contract.

The sector had 637,000 less [as published] permanent workers, but the number of contract workers rose by 161,000. The permanent workforce stood at about 75 million by the end of March, while that of contract workers was about 21 million.

State firms employed a total of 108 million workers, said the statistics bureau.

Under a planned economy, every worker is given a permanent job regardless of his productivity, and his employer must guarantee him a monthly salary and welfare benefits until he dies.

The government started to introduce the contract labour system in the 1980s to break the so-called "iron rice bowl" employment system.

Under the contract system, employers and employees sign a contract fixing their period of service. When the contract expires, the contract can be extended if both sides agree.

Both permanent and contract employment systems are used in China today.

Employment in the collective sector also dropped by 802,000 workers in March. The total number stood at 35.4 million.

However, the number of workers in private and overseas-invested firms increased 124,000 to exceed 2.9 million.

Meanwhile, Chinese factories paid out a total of about 98.3 billion yuan (\$16.9 billion) in salaries during the first three months of this year, 19.6 percent more than the same period last year.

Of the sum, 77 billion yuan (\$13.3 billion) were paid to workers in the State firms, an increase of 20 percent. Workers in collective firms were paid a total of about 18.3 billion yuan (\$3.2 billion) during the January-March period, an increase of 14.2 percent.

Salaries in private and foreign-invested enterprises increased by 52 percent to reach a total of about 3 billion yuan (\$517 million).

Meanwhile, March's retail price index rose by 102 percent. The price index of consumer goods retail sales also rose 10.2 percent last month.

The living costs of Chinese residents rose 12.2 percent in March.

Retail prices in State shops rose by 10.5 percent, while those at free markets rose by only 4.9 percent.

Foreign Investment 'Inefficiency' Prompts Restudy

HK0905055093 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 9-15 May 93 p 1

[Article by Wang Yong: "Moftec Wants Better Use of Overseas Funds"]

[Text] A hectic inflow of overseas investment is prompting China to reconsider where and how overseas money should be used.

One senior official warns that inefficiency has occurred in overseas-funded ventures, despite a record actual use of \$11.6 billion of overseas capital last year.

"A nationwide euphoria over the flood of overseas investment in China has in certain cases glossed over undesirable performances by joint-ventures," says Tong Yizhong, deputy director-general of the foreign investment administration under the Ministry of Foreign Trade and Economic Co-operation (Moftec).

By the end of last year, China had used \$34.5 billion worth of foreign capital in some 90,000 projects.

But legal disputes have cropped up. Tong himself is a member of the China International Economic and Trade Arbitration Commission.

"The factors behind the widespread disputes and low efficiency include loopholes in project approval and State property assessment," Tong explains.

That has given rise to losses in State property in many cases.

The glut of overseas investment, Tong explains, has caused a shortage of renminbi for certain projects.

He says the consecutive increase in overseas investment is unlikely to subside this year, given the figures from many provinces in the first three months.

Tong says the government should raise bank interest rates according to international practices to moderate the country's overheated investment.

He points out the move will shrink the supply of renminbi resources for joint ventures and give rise to the establishment of more foreign wholly-owned ventures in China.

He predicts that overseas investors will set up more wholly owned ventures in China in the face of higher interest rates.

"We've become bogged down in certain pitfalls in using foreign capital over the past few years," he points out.

For example, over-construction of development zones and rocketing real estate business have outstripped market demands.

And the bulk of overseas investment has ended up in the country's coastal areas, leaving landlocked regions even farther behind.

Tong reveals that the inland regions are expected to open more natural resources to overseas investment in the coming years to narrow the gap.

He disclosed that overseas companies are poised to explore onshore oil reserves in Yunnan and Guizhou provinces and in the Guangxi Zhuang Autonomous Region.

This is the first overseas participation in the area's oil development.

So far, most overseas investment in China's onshore oil sector has focused around the Dongting and Boyang lakes.

Tong also says that overseas investment in China's small and medium enterprises has unfortunately been largely sunk into general processing sectors.

He urges more overseas-funded small and medium ventures to produce up-market hi-tech products.

Also, overseas investment in real estate should in the future focus on revamping China's older cities, Tong says.

"At present, overseas-funded service projects, like supermarkets, have in many cases been too expensive—and it risks rocketing China's overall consumption costs."

Warning on Over Optimism on 'Asian-Pacific Era'
HK0805033093 Beijing CHINA DAILY in English
8 May 93 p 4

[Article by Tan Hongkai: "Warning Sounded on 'Too Rosy' a View of Asia Era"]

[Text] With the world looking eastward at the turn of the century, an "Asian-Pacific Era" seems about to begin.

Several successive years of high growth in the Chinese economy, coupled with bright prospects for an "Asian-Pacific era," is creating unprecedented optimism in the nation.

However, a group of less optimistic experts in Asian and Pacific studies warned at a recent symposium that the upcoming 21st century might mean more challenges than opportunities for China.

It is somewhat self-deceiving if people paint "too rosy" a picture of the economic prospects in the Asian Pacific region, according to Professor Xue Mouhong, vice-president of the China Association of Asian and African Studies.

Though such words as "golden chances" and "bright prospects" could also be heard at the first session of the Chinese Association of Asian-Pacific Studies, a non-governmental academic organization sponsored by the Chinese Academy of Social Sciences (CASS), most participants shared the view that undue propaganda of imaginary future glory might fuel rashness.

It is a reality that Russia is suffering unheard of economic and political uncertainty and Japan and the United States have not yet pulled out of an economic slump.

And it is a fact that China boasts of a powerful momentum for economic growth in the global context.

But scholars and officials attending the meeting raised the question of sustainable growth.

Professor Feng Zhaokui, Vice-Director of the Institute of Japanese Studies of CASS, warned against "bubble economies" in the region.

Rapid economic growth in some developing economies in the Asian-Pacific region is partially based on cheap labour during the pre-industrialization period, he said.

He expressed worries that some countries, including China, have been too concerned with pursuing immediate profits to digest and localize imported technologies.

Professor Feng doubted there would be sustainable economic growth if Asian-Pacific nations continue to count on the low cost of labour.

"We will have to pay for our ignorance after we have exhausted the potential of cheap labour," he warned.

The Japanese method of technology import may provide food for thought for these countries, according to the expert in Japanese studies.

Professor Xue Mouhong quoted Jiang Zemin, General Secretary of the Communist Party of China, as saying that the country has achieved much but is facing many difficulties in economic progress.

"I am not ignoring opportunities," he said, "but we have to look reality in the face."

The reality, in his terms, includes uncertainty in, and challenges, to the country's economy.

Although official media have cautiously skirted around the question of whether the national economy is once again over-heated, Xue said, economic growth is going beyond rational speed limits.

"The 12.8 percent growth last year was encouraging indeed," Xue said, "but we should not neglect the factor of inflation behind the high growth."

The inflation rate in the first three months of 1993 was substantially higher than the same period last year.

Many participants echoed the professor's call that the authorities should give first priority to quality, instead of quantity, of economic growth.

Scholars and officials attending the meeting also poured cold water on blind enthusiasm for the country's re-entry into the General Agreement on Tariffs and Trade.

The long-expected re-entry can hardly provide the country with an umbrella against such troubles as the United States' annual threats to suspend the nation's MFN (most favoured nations) status, Xue argued.

Professor Kong Fanchang, vice-chairman and senior research fellow of the International Trade Research Institute of the Ministry of Foreign Trade and Economic Co-operation, noted that GATT is currently on a downhill path. He said the nation must be prepared psychologically to face the challenges that will come with subsequent opportunities.

Outdated management and lack of experience in cross-national operations will prove fetters for Chinese enterprises' competitiveness in the face of their foreign counterparts.

Like many other participants, Kong seemed much more interested in finding a proper role for the nation in the Asian-Pacific region.

Policymakers should have done a more practical job while encouraging people with prospects of a glorious 21st century, according to the experts.

Professor Kong did not conceal his anxiety that the nation still lacks a clear strategy for participating in economic co-operation in the Asian-Pacific region.

"We have always found ourselves in a passive position in regional co-operation," he said. "But we should be an active participant."

As a big power in the Asian-Pacific region, China is obliged to pay serious attention to its future role in the post Cold War Asian-Pacific "new order," according to the participants.

They urged the authorities to free themselves from ideological fetters and become pragmatic when dealing with regional affairs.

Ideological alliances are giving way to economic groupings in the world context, according to Xiao Feng, an official and researcher with the Chinese Communist Party's Foreign Liaison Department.

Widening economic gaps between the North and the South do not necessarily mean sharpening contradictions, he said.

"It is high time we reconsidered North-South relations in regional affairs," he said, adding that China should not be burdened with a model of mutual-supplement and mutual-benefit in such relations.

Though the experts ruled out the possibility of a pan-Asian-Pacific organization of economic co-operation, they agreed China must enhance economic diplomacy in the region and promote bilateral and multi-lateral co-operation.

Foreign-Bound Fake, Shoddy Products Decried

OW0705122593 Beijing XINHUA Domestic Service in Chinese 1154 GMT 25 Apr 93

[Text] Beijing, 25 Apr (XINHUA)—ZHONGGUO SHANGBAO [CHINA COMMERCE NEWS] reports that the popularity of Chinese-made goods has plummeted in the CIS because of the dumping of fake and shoddy products on the Russian market by a small number of speculators from China. As a result, Moscow Television has made an appeal to boycott Chinese-made commodities. Any person with a sense of patriotism will be greatly pained and humiliated by this news.

China is working hard to restore its GATT membership. What kind of an attitude should we assume to meet the challenge of breaking trade barriers, converging with the world economic body, and making Chinese-made commodities compete fairly with many strong competitors in the international arena? There has been much discussion over this and people's opinions vary. It appears there is an inevitable trend toward restoring "GATT membership." The real challenge, then, does not come from outside, but from ourselves. Fake and shoddy products have inundated the domestic market. They have spread to foreign countries, including the CIS. It has been learned that because of the muddying of the water by fake Chinese-made farm machinery and tools, China has suffered a great loss of reputation in the export of farm machinery to Bangladesh. The state has suffered a yearly loss of over \$2 million just in hand-propelled tractors alone, and our loss of credibility cannot be measured in monetary terms. If this trend continues, what right do we have to coexist with the world community and take part in international competition!

State Council Circular on Raising Funds

OW1005054993 Beijing XINHUA Domestic Service in Chinese 1315 GMT 27 Apr 93

[Text] Beijing, 27 Apr (XINHUA)—The State Council General Office today issued a circular concerning the

problem of a small number of localities and units violating the state's fund-raising regulations. The text of the circular follows:

People's governments of all provinces, autonomous regions, municipalities; all ministries and commissions of the State Council; and all other organizations directly under the State Council:

The State Council and departments concerned have repeated their injunctions and issued circulars many times regarding the tasks of stabilizing financial order, putting a resolute stop to unauthorized fund-raising, and ensuring the accomplishment of this year's task of issuing treasury bonds. According to the "State Council General Office Circular on Transmitting the Request of the Ministry of Finance, the State Planning Commission, and the People's Bank of China for Instructions Concerning the 1993 Work of Issuing National Debt Bonds," dated 27 February 1993, it is necessary to "continue to carry out the principle of issuing national debt bonds on a priority basis. During this period, all other bonds, except for state investment bonds, are not allowed to be issued. The interest rates of all bonds other than national debt bonds shall not be higher than that of treasury bonds of the same period." The circular also urged people's governments at all levels and relevant State Council departments to strictly examine and approve applications for issuing bonds. On 1 April, a leading State Council comrade once again emphasized: "In raising funds, it is imperative to follow State Council regulations. Those who violate the regulations shall be criticized in newspapers. In raising funds, it is necessary to go through certain approval procedures. Funds to be raised shall not exceed the scale stipulated by the state's regulations. The interest rate for the borrowed funds shall not exceed that of treasury bonds. Enterprises' bonds are not allowed to be issued before this year's treasury bonds are sold out." On 11 April, the State Council also issued a "Circular Concerning Putting a Resolute Stop to Unauthorized Fund-Raising and Strengthening the Management of Issuing Bonds," in which concrete regulations were stipulated. However, a small number of localities and units, in out-and-out disregard for orders and bans, persist in their old ways and are violating relevant regulations by raising funds through issuing stocks or bonds, or other practices, before accomplishing their task of subscribing treasury bonds. Such practices not only affect the task of issuing treasury bonds, but also seriously disturb the financial order, causing great damage to the drive of reform, opening up, and economic development. In accordance with the guiding spirit of the State Council's leading comrades, the relevant situation is hereby announced as follows:

On 18 April, the Xinjiang Uygur Autonomous Region made an unauthorized decision to let Xinjiang's Hongyuan Trust and Investment Company Limited issue 31.25 million individual stocks without following examination and approval procedures. The company also sold subscription certificates to the public. As a result, people were lining up on the street to scramble for the stocks, and they speculated on subscription certificates. In April, the Chuangye

Industrial and Commercial Company in Shandong's Jinan violated relevant regulations by openly issuing, without authorization, stocks in disguised form to the public—"property rights of the 'Buyecheng' main building." In February, the Zhonglian Industrial Investment and Comprehensive Development Company Limited in Fujian Province falsified its credit standing and cheated investors by issuing, without approval from securities management organs, "contracts for holding the property rights of the Global Financial Building and for promising to earn at least double the investment in five years," with an average annual income rate of 26.67 percent. On 18 April, the Shanghai Municipal Planning Commission obtained state approval to issue Pudong construction bonds, but the bonds were issued at an interest rate 0.5 percent higher than that of treasury bonds. On 8 April, the Hebei Commodity Enterprise (Group) Company (formerly known as the Hebei Provincial Materials and Equipment Bureau) violated relevant regulations by entrusting the Shijiazhuang Construction Bank's second office and savings deposit offices to issue 30 million yuan in enterprise bonds, with an annual interest rate of 12.3 percent over a three-year term.

It is wrong for the above-mentioned localities and units to raise funds by running counter to relevant regulations. With the approval of the State Council, they are hereby criticized in this circular and the problems are to be dealt with as follows:

1. The Xinjiang Uygur autonomous regional people's government should immediately stop the Xinjiang's Hongyuan Trust and Investment Company Limited from issuing individual stocks and severely deal with those who are responsible for the problem. Before this problem is properly dealt with, the autonomous region is temporarily prohibited from openly issuing stocks.

2. The Shandong provincial people's government should immediately stop Jinan's Chuangye Industrial and Commercial Company from issuing the disguised stocks and severely deal with those who are responsible for the problem. Before this problem is properly dealt with, the province is temporarily prohibited from openly issuing stocks.

3. The Fujian provincial people's government should order Fujian's Zhonglian Industrial Investment and Comprehensive Development Company Limited to immediately return all the funds raised by issuing "securities promising to earn at least double the investment in five years." In addition, those units and their responsible persons who seriously violate relevant regulations by falsifying the company's credit standing and by cheating investors should be severely dealt with.

4. The Shanghai municipal people's government should order relevant units to temporarily suspend the issuance of Pudong construction bonds. When the task of subscribing treasury bonds is accomplished, the issuance of the bonds can be resumed. The interest rate of the bonds should not be higher than that of treasury bonds from the same period.

5. The Hebei provincial people's government should immediately stop the Hebei Commodity Enterprise (Group) Company from issuing enterprise bonds and severely deal with those who are responsible for the problem. Corresponding quotas amounts for the province to issue local enterprise bonds in 1993 will be reduced.

6. Financial organizations that violate relevant regulations by rashly acting as agents to issue the above-mentioned securities are to be criticized in circulars, and their agency incomes are to be confiscated. Departments responsible for these financial organizations are responsible for ensuring that these incomes are turned over to the state before 31 May 1993.

People's governments of relevant localities are requested to report to the State Council General Office in a timely fashion on how they handle the above-mentioned problems.

It is imperative for all localities, departments, and units to strictly carry out the regulations of relevant documents issued by the State Council to maintain normal financial order and social stability and promote reform, opening up, and the national economy's sound and healthy development. All localities and departments should examine fund-raising and issuance of all kinds of bonds in their own localities and departments. Those who are violating the regulations should be dealt with in light of the above-mentioned measures. Those who are involved in serious cases should receive heavier punishments. Meanwhile, such cases should be published in newspapers. In the future, all media units should supervise via public opinion and openly publish wrong practices and violations that run counter to the state's regulations governing fund-raising.

Economist on Causes of Inflation Pressure

*HK1005014093 Beijing JINGJI RIBAO in Chinese
3 May 93 p 8*

[Article by Wu Jinglian, research fellow of the State Council Development Research Center, professor and tutor of doctoral students of the Chinese Academy of Social Sciences Postgraduate School, chief editor of *GAIGE (REFORM)* and *JINGJI SHEHUI TIZHI BIJIAO (COMPARISONS OF ECONOMIC AND SOCIAL SYSTEMS)* magazines, and member of the Eighth Chinese People's Political Consultative Conference: "Why Is Inflation Pressure Increasing?"]

[Text] The rapidly increased inflation pressure and the rampancy of corrupt phenomena, which accompanied a sharp rise in China's economic growth rate recently, have aroused the attention of more and more people. What should be done now is not merely to adopt stopgap measures to check the spread of these negative phenomena, but to discover countermeasures which can get at the root of these phenomena and ensure that they will not go so far as to threaten reform and development.

It is undeniable that the mistakes made during mid-1992 in implementing monetary policy are a direct cause of the

rise of an "overheated economy" today. However, causes at a deeper level lie with financial and monetary departments, state-owned enterprises, and other public-owned departments which have carried out reform at a sluggish pace, and failed to timely set up an economic system which can impose a "hard budgetary restriction" on microeconomic activities and exercise effective control and regulation on macroeconomic supply and demand.

Let us first take a look at the existing financial and tax system which continues to use the basic framework that suited the old system of the planned economy in the past. Over the past 14 years of reform, significant changes have taken place in China's economic structure; the state monopoly which was once the foundation for the previous financial system has been shaken, and the proportion of financial revenue in the GNP has gone down year by year. Under the situation wherein no significant changes have shown in tasks shouldered by state financial departments, deficits are growing drastically. As a result, the state has to adopt a practice of "casting away burdens," urging administrative organs, schools, and even military units to "increase revenue and make up their own losses," levy new taxes under various names and impose various fees and quotas; and use a number of abnormal methods to "increase revenue and reduce expenses," such as openly or covertly demanding their bankers for overdraw facilities, thus making the financial and tax system become less and less standardized. Such a practice has not alleviated any financial difficulties; on the contrary, it has added to financial deficits and put a strong expanding tendency into the financial policy.

Then, we will take a look at the monetary system. As regards the central bank, it still maintains the nature of a chief accountant's office. For instance, the central bank's lack of autonomy has made it impossible for the bank to devote all its attention to its own basic function—realizing the goal of stabilizing currency; instead, the bank has to put the realization of other goals in a primary position, such as giving relief funds to loss-makers and maintaining a high-speed growth. As a result, the currency policy of the central bank is often provided with an expanding nature. Meanwhile, this tendency is aggravated when the central bank's affiliated institutions, installed according to administrative levels, are affected by the objectives of local governments during their implementation of the currency policy. As regards specialized banks, they still possess the functions of exercising administrative control and regulation, and the function of providing loans granted by policies; as a result, the interest rates of these banks cannot be determined by the supply and demand of the market and their operation is not restricted by risks. Such a practice has made it impossible to ensure the allocation of funds to reach its best form under the guidance of the market, while designated loans of a large amount have given rise to waste in investment. Moreover, the operation of the monetary system also has the tendency of currency expansion and corrupt phenomena will easily emerge because of the existence of a huge profit gap.

As concerns most state-owned large and medium enterprises, they still remain in a state wherein they lack autonomy in operation on the one hand and a hard budgetary restriction on the other. Under such a situation, state-run departments are like a reservoir with a great deal of loopholes. No matter how much money you inject into it, all productive funds will be consumed by various fees and quotas imposed by different administrative organs, or by the so-called practice that "revenue inclines to individuals." Under such circumstances, failure to carry out reform on systems such as the equity system will inevitably cause a huge drain on public properties.

During the new high tide of national economic development in the past year, a number of localities, departments, and enterprises launched many activities on their initiative to step up reform and opening up, thus playing an important role in expanding the scope of market functions and stepping up economic prosperity. However, the changing of tracks of the afore-mentioned public-run departments is not an issue which can easily be accomplished by one or two places or units. When the working plan of reform is not sufficiently clear and concrete measures are not strong enough, those localities, departments, and enterprises will naturally shift their attention onto other fields, such as vying with each other for more investment, establishing things on an unduly large scale, and starting as many projects as they can. Even good reform projects, such as the establishment of the securities market, as well as land lease and development, can become projects with all kinds of loopholes if we lack unified planning and fail to follow basic rules; as a result, we will end up providing conditions for the spread of "power-money deals" as well as other activities of power manipulation and embezzlement.

At present, with an increasingly strong craze for making greater profits, an atmosphere of doing business with official power and authority, of being engaged in speculation and profiteering, and of being reluctant to develop industries is prevailing in society. Such an atmosphere warrants serious attention. Judging from the surface and from a short-term point of view, "power-money deals" and this "bubble economy" [pao mo 3133 3106] seem able to solve the problem of "primitive accumulation" of industrialization funds. As a matter of fact, however, they will hamper the development of industries because they bring about a huge waste of resources and thus make the opportunity cost of running industries reach a very high level.

Judging from the aforementioned various problems, in order to ensure a stable economic growth, apart from maintaining necessary administrative control and making timely use of such economic means as interest rates and reserves rates, one permanent cure is to push forward reform in a rapid and down-to-earth way and set up the basic structure of the market economy from the following three aspects as soon as possible: 1) Establishing a financial and tax system which enjoys an expanded tax base, simplified tax rates, equal tax burdens, and separate mechanisms for the collection of state and local taxes, and which divides the different kinds of revenues and expenditures according to the functions of governments at different

levels; 2) setting up a banking system under which the central bank is given autonomy in operation while commercial banks are run like enterprises, with detached financial institutions permitted by policy; and 3) bringing about a fundamental change to the organizational system of state-owned enterprises.

Preferential Policies Boost Private Economy

OW0805145893 Beijing XINHUA in English 1245
GMT 8 May 93

[Text] Beijing, May 8 (XINHUA)—China's Administration of Industry and Commerce has recently put forward 20 favorable policies in a bid to boost the growth of the private economy.

According to the new policies, the surplus personnel removed from the Communist Party and government organizations will be allowed to engage in private business.

Private businesses may engage in inter-regional and inter-trade operations in light of their own conditions. They may also conduct horizontal economic collaboration regardless of ownership mode by purchasing each other's shares.

Under the new policies the state will support the private sector to run Sino-foreign joint ventures and Sino-foreign co-operatives or engage in border trade.

As for the scientific personnel who apply for registration of private businesses, the Administration Bureaus for Industry and Commerce at various levels will reduce the amount of registered capital demanded.

Personnel from remote and poor areas, after reporting to the local bureaus, are allowed to start their own businesses without registering in advance. Nor do they have to pay administration fees.

China now has a total of 15.33 million private businesses.

Article on Current Speedy Economic Growth

HK1005081293 Beijing JINGJI YANJIU in Chinese
No 1, 20 Jan 93 pp 39-42

[Article by Zhao Lei (6392 4320) of the Editorial Board of the Journal of Southwest University of Finance and Economy: "Some Remarks on Current Speedy Economic Growth"—edited by Bian Qi (6708 7871)]

[Text] China's economy displayed strong growth in 1992, and the issue of speed again aroused people's attention. The GNP in the first half of 1992 increased 10.6 percent over the corresponding period of the previous year, and it was estimated that the growth rate for the whole year would be over 10 percent. Some people showed some worries about it, but the general feeling was optimistic. In this article I wish to forward several different points of view on this kind of optimistic feeling.

I. Possibility Does Not Mean Inevitability

Theoretically, there is no explicit criteria about the quantitative definition of speedy economic growth. Some people set

6 percent to be a medium-speed economic growth rate, that is, 6 percent to be the critical value between high and low speed. Based on China's situation, some people also believe that below 3 percent is stagnation, 3-6 percent low-speed growth, 6-9 percent medium-speed growth, 9-12 percent high-speed growth, and above 12 percent is ultra high-speed growth. There are also some people who set 4 percent to be the critical value between high and low speed. There is not yet a consensus of opinion about the definition of speedy economic growth among academic circles, but we can say for sure that high speed is a comparative concept, that is, the result of horizontal and vertical comparison. Judged by vertical comparison with history, and by horizontal comparison with peripheral and developed countries, China's current economic growth is already in the range of high speed.

Speedy economic growth is not simply a concept of comparison, and normal high speed must have certain objective bases. Even though high speed growth is the result of people's subjective efforts, it cannot transcend the range set by such objective bases. Then, what is the objective basis for China's current speedy economic growth? In other words, what is the inevitability of over 10 percent growth? Current analyses by academic circles are summed up mainly as follows: (1) Three years of control and rectification have created conditions for the release of latent economic energy. (2) The important talk given by Comrade Deng Xiaoping when he visited southern China in early 1992 has mobilized the initiatives of various quarters. (3) The advance of the theory of the socialist market economy will be favorable to liberating the productive forces. (4) The upgrading of the extent of export-oriented economy is conducive to speedy economic growth. (5) The growth of nonstate-owned economy will release the economic potentialities fettered by the old structure. (6) The transformation of traditional industries and the growth of newly emerging industries will give impetus to the growth of the economy as a whole. (7) The tremendous changes in the international situation has provided opportunities for China's speedy economic growth.

Undoubtedly, the above-mentioned aspects are extremely favorable to promoting China's economic growth in the nineties. However, these are merely favorable conditions for speedy economic growth and are not completely the objective basis for high speed. Necessity and possibility do not mean inevitability. It is not enough to place speedy economic growth simply on the basis of possibility. To change these favorable conditions into objective realistic bases for speedy economic growth, we must handle well the following relations.

(1) The relation between speed and performance. Performance is always linked with a particular speed, and without necessary speed, there would be no performance. However, speed cannot be equated with performance (there are many possible compositions of speed and performance). The intrinsic requirement of the market economy is to determine the rate of speed by the scale of performance. Therefore, blind pursuit of high speed

divorced from the core of performance is not only foolish, but is also a kind of antimarket economy behavior.

(2) The relation between speed and equilibrium. The choice of speed must be preconditioned by a relative balance of socioeconomic operations. It includes two basic aspects: 1) Total amount equilibrium, that is, relative balance between total supply and total demand in the dynamic course of growth of total social products; structure equilibrium, that is, proportionate developments of various industrial sectors and relative balance between their supply structure and demand structure. Total amount balance is a basic requirement in the course of economic development, but only when various sectors have attained balance in product mix and industrial structure can they provide reliable basis for total amount equilibrium. Otherwise, even if economic growth is more or less equal in supply and demand total amount, economic operations are still in a morbid state. The economic growth then is inevitably the coexistence between overstocking and shortage of commodities, further aggravating the ineffective allocation of resources.

The relation between speed and reform. Between speed and reform there are both unanimity and contradiction. Reform requires intensifying in the course of economic development, but too high a speed is unfavorable to providing a relaxed environment for the intensifying of reform. Practice has proved that many difficulties with which China's economy is faced cannot be resolved simply by the growth of speed. The deep level problems in China's current economic operations are not too slow growth of GNP, but how to build up a new structure of the socialist market economy. Therefore, we should consider economic growth based on the requirement of intensifying reform. We should demand speed and performance from reform and not demand speed for speed's sake.

In short, we should not look upon the favorable conditions for economic development as the inevitability of speedy economic growth. Only when we seek truth from facts and arrange economic growth on the basis of performance, equilibrium, and reform can the speed we obtain therefrom be of inevitability; only when we handle the above three relations well can the favorable conditions of economic development be transformed into objective basis for speedy economic growth. Otherwise, all kinds of superiority for China's speedy economic growth in the nineties will be wasted and exhausted, and we will lose the opportunity once again. What merits our attention is that there is an extremely common point of view among theorists circles which believes that high speed itself conforms with the periodic law of economic development, and therefore need not be surprised or alarmed at it.

As I see it, this kind of seemingly reasonable point of view is in fact a misunderstanding of the economic law: 1) Like everything else, economic operations always develop continuously, wave upon wave, amid contradictions, and therefore it is impossible for the economic growth rate to be on a straight line, but it should fluctuate, especially against the background of the market economy. However,

wave upon wave of development does not mean that gigantic shocks of big ups and downs is inevitable and unavoidable. 2) Acknowledging and respecting the economic law does not mean that people attempt nothing and accomplish nothing in the face of it. The fatalist idea of submitting to the will of heaven is not mankind's objective attitude toward economic law. The significance of understanding the periodic law of economic development lies in the fact that people should and can make use of and guide the economic cycle to develop in a direction favorable to social economy. 3) The choice of "govern by doing nothing" does not conform with the objective requirement of modern large production. Even in the capitalist market economy, the state and the government have to intervene on the economic cycle to avoid economic collapse; otherwise, it is impossible for the state intervention policy due to the Keynesian doctrine to become necessary conditions for the operations and development of the capitalist market economy. So it is with capitalist market economy, to say nothing of the socialist market economy. 4) Not only is straight-line development contrary to economic law, but big ups and downs in development are likewise contrary to it. This issue seems commonplace, yet it becomes anew when you talk constantly about it. When the economic situation deteriorates, everybody feels we should respect economic law, and once the economic situation relaxes, people become hot-headed again, always itching to join the ranks of developed countries overnight. This kind of feeling is understandable, but speeding up artificially is, after all, not the intrinsic requirement of economic law. We should be on guard against it at any time.

II. Is the Current Economic Growth Overheated?

With the picking up of the growth rate, there occurs the characteristics of "five speedies" and "two tenses" in macroeconomic operational targets in China's economy since 1992. The "five speedies" are: Speedy growth of the national economy; speedy industrial development; speedy growth of credit scale; speedy growth of fixed assets investment; and speedy growth of import and export. The "two tenses" are: Tense in communications and transportation, and tense supply in raw materials. Do the "five speedies" and "two tenses" mean that China's economic growth is overheated?

The current point of view in general among theorist circles is in the negative. Their reasons are primarily as follows: 1) The difference between total supply and total demand in the first half of 1992 was about 5 percent, basically balanced. If the difference between supply and demand is within 10 percent, we cannot say the economy is overheated. 2) Certain productive factors at present are rather tense, such as communications and transportation, energy and raw materials, but the "bottlenecks are not completely blocked." 3) As the current market is much larger than that of the past, too large money supply has not yet exceeded circulation need. 4) So long as the retail price index in 1992 did not exceed double digits, there would be no big problems. 5) According to the figures released by State Statistics Bureau, China's current financial revenue is larger than expenditure, and the situation is quite good.

Judging from the above circumstances, many people believe that China's economy at present has entered a period of normal speedy growth, and it still cannot be said over-heated. However, if we judge by the three relations which we should handle well in economic development, I am afraid the answer is not so optimistic as many people believe.

1. Judging by the relationship between speed and performance. So far as economic performance is concerned, there are roughly two basic modes of economic growth built up by the input and use of funds: First, the mode of expansion in the quantity of funds, i.e., the performance in the use of funds remains unchanged or declines, the economic growth rate relies on the quantity of input of funds; another mode is the intensification of funds, i.e., the quantity of input of funds remains unchanged or there is only a limited increase, and the economic growth rate is determined by the performance in the use of unit funds. Obviously, either judged by China's national strength, or by long-term development, simple quantity increases are undesirable. It is a pity that China's current industrial growth is not just mainly driven by high input, but the actual results of this kind of increases are not optimistic: 1) The sales profit rate and capital profit rate of state-owned enterprises remain at a historical low level, enterprise money losses stay at a high level, and funds occupancy by products and finished products keep going up.

Even in GNP growth there is quite a lot of exaggeration: First, counterfeit and inferior products constitute a part of the GNP; second, overstocked products unsold are calculated into output value. 2) Financial revenue in 1992 grew rapidly, which was contradictory to low enterprise performance. As a matter of fact, the growth margin of financial revenue for the year was far lower than the rate of the growth of production. From January to September, the increase margin of regular financial revenue was lower than the growth rate of total industrial output value by 8 percentage points; although the profits realized by state-owned industrial enterprises increased by 5.9 billion yuan compared with the corresponding period of the previous year, the profits delivered to state finance were reduced by 4.3 billion yuan. However, apart from speed-type revenue, there was quite a lot of suppositional revenue in financial revenue: First, bond revenue of national debt was put in storage ahead of schedule; second, the price difference in foreign exchange reserve caused by changes in exchange rates was put in storage in the form of revenue. 3) According to analysis by departments concerned, China's economic operations in the first half of 1992 declined to a critical state below appropriate conditions, and the monthly average comprehensive index of economic performance for industrial enterprises inside budget was 67 points, down by 14 points compared with the corresponding period of the previous year. It is estimated that industrial economic performance after the end of 1992 will obviously slide.

2. Judging by the relationship between speed and equilibrium. In the course of economic growth, relative equilibrium is not only a requirement for total amount, but also a

requirement for structure. What merits our attention is that speedy economic growth in 1992 basically remained a quantity expansion on the basis of an original irrational structure. (1) Vigorous fixed assets investment did not develop toward the direction of optimized industrial structure. Among the 3,650 projects above, of those worth 1 million yuan newly put into operation in the first half of 1992, 669 are industrial projects of energy and raw materials, with a total planned investment of 14.43 billion yuan, accounting for 31.6 percent of total investment, and its proportion went down 7.7 percent compared with the corresponding period of the previous year. There are 1,007 light and textile industry, machinery and electronics projects, and other industries, with a total planned investment of 13.16 billion yuan, up by 1.8 times, and its proportion increased from 24.1 percent to 28.9 percent.

(2) "Bottleneck" restrictions became increasingly prominent. China's infrastructure, communications, transportation, energy, and raw materials are daily becoming more tense and cannot catch up with the high speed growth of the overall economy. With general increases in prices of major goods and materials, prices of the means of production increased continuously from January to September by 10.1 percent. Monitoring of the prices of 70 varieties of products by the Ministry of Goods and Materials, prices of 54 varieties went up compared with the corresponding month of the previous year, with an extent of increase at a high rate of 77 percent. Moreover, inventory of major means of production declined continuously and the turnover period for steel products inventory was reduced to the lowest historical level. Besides, the problem of communications and transportation, especially that of inadequate railway transportation capacity, became worse, and the wagon-load satisfaction rate in August was down by 10 percent compared with that of March. According to tests, the average gap of wagon satisfaction was about 40 percent, and the gap of railway cargo transportation capacity was about 30 percent.

(3) Blindly starting projects is becoming more and more common. People are still opening up new projects for long-term over-supplied products which are prohibited by formal decree by the state, and those with surplus production capacity and industrial consumer goods are still being produced though already overstocked. The problem of dove-tailing production and sales stands out sharply and there presents again the tendency of expanding non-business projects, such as office buildings, halls, and auditoriums. What merits our attention is that there emerges in some localities an overheated momentum of going in blindly for development zones regardless of local conditions.

It must be pointed out that although the difference between total supply and demand in the first half of 1992 was about 5 percent, basically balanced, yet if the supply and demand structure was unbalanced, even though the total amount growth was shown as more or less equal in total mount of supply and demand, it was impossible for economic growth to be healthy because that was merely equal in the form of currency between total supply and

total demand. Such a kind of "equilibrium" not only cannot adequately explain that economic growth is normal, but would be damaged again as a result of the deterioration of structure. According to tests, the differential rate of social demand larger than supply for the whole year of 1992 will be 2 percent higher than the normal level.

3. Judged by the relation between speed and reform. The arrangement of speed should be favorable to the intensifying of reform. Otherwise, economic expansion has quite a large pull on the economy in the recent period, yet it will surely bring about a new round of production surplus and performance slide, and lead to contraction again, resulting in one step forward and two steps backward. The high speed of China's economy has always been brought by high input, and it is no exception this time. Such high speed supported by credit expansion will inevitably push forward inflation. The major reasons why sharp increases in credit input and speedy economic growth in 1992 did not trigger off expected inflation are that: Stock and real estate fever have absorbed a part of the currency purchasing power; consumption lacking new upgrades inhibits the currency purchasing power; the increase in large numbers of overstocked products and finished products has not yet built up pressure on price rises for the time being.

However, do not be optimistic too soon: 1) Prices of the means of consumption are not isolated and they are closely related to those of the means of production. Investment expansion will inevitably give impetus to price rises of the means of production and will give impetus to that of the means of consumption after a certain period of time. This kind of situation will be delayed, yet excessive currency input will inevitably lead to inflation after a period of time. 2) Certain changes in China's economic operational mechanism at present would delay pressure on increases in some commodity prices, yet the traditional investment mechanism of quantity expansion has not been changed essentially. Therefore, before the current reform makes any major breakthrough, the high speed gained by issuing bank notes may possibly follow the same old disastrous road of sky-rocketing prices in 1988. What merits our attention is that prices of the means of production throughout China in the first half of 1992 already presented a speedy rising trend, especially the living expenses in large and medium cities have increased by double digits.

It can be seen that this point of view may not be scientific, I am afraid, to prove by the temporary stability of the commodity price index that the current environment of high speed growth is relaxed. Moreover, some comrades emphasize that the upgrading of the extent of export oriented economy can make up for an insufficiency of domestic funds. However, import of foreign investment is not one's wishful thinking, and the structure of import of foreign investment is based mainly on loans, and the import of large amounts of foreign investment will put us in a position of always facing the pressure of debt increases. Therefore, it is both not realistic and not necessarily desirable to pin too much hope on foreign investment.

III. Conclusion

Theorist circles in general hold an optimistic attitude toward China's current speedy economic growth and believe that the economic growth rate will maintain at over 10 percent. However, there is also a small number of people who believe that current economic growth is already overheated and that the economy will shrink after 1993. I think the estimates made by the latter are cold-headed and objective. Based on the aforesaid analysis, the following two problems should draw our attention: First, there are quite a number of people who have also seen the problems existing in current economic development but believe that these problems "are still kept under control" and misjudge on that basis that the high speed of current economic growth is normal. Such an understanding not only neglects the fact that the most fundamental judgment criteria of economic operations is the result of economic activities, but also ignores the rudimentary common sense that the results of economic activities lag behind economic activities themselves. If things are really "no big problem" and the "bottlenecks" have not been "completely blocked," then why not say we must get to the point of "control and rectification" before we can call it "overheated."

Judged simply from the strategic requirement of economic development, why can't we avert the big ups and downs caused by problems of bad old practices dying hard? Therefore, those people who simply judge by the superficial phenomenon of GNP growth that China's economic situation is excellent are short-sighted. Second, we should conduct profound introspection of the traditional concept of "economic development." Development cannot be divorced from speed, and without necessary speed, there would of course be no economic development. However, modernization is not simply a competition of speed, but a comprehensive competition of structure and its operational mechanism on the basis of constantly enhancing the efficiency of allocation of resources. Only when the choice of speed is beneficial to performance improvement, restructuring, and intensifying of reform can high speed bring blessing to the growth of the national economy. Historical experiences have repeatedly proved that blind pursuit of high speed resulting in errors in decisionmaking will surely be punished by the objective economic law. We must be conscious of it.

Economist on Market Economy, Common Prosperity

HK0905020193 Guangzhou NANFANG RIBAO in Chinese 12 Apr 93 p 6

[Article by Li Yining (0632 0110 1337): "Market Economy and Common Prosperity"]

[Text] I. How To Achieve Common Prosperity

Common prosperity is the goal of our socialism. The 14th party congress put forward that the targeted model of the reform is to build up a market economic structure. Nevertheless, what we have been practicing for a long time past

is a structure of planned economy. Our purpose in effecting a switchover is, in brief, to more successfully achieve the goal of socialism and to attain common prosperity. As everybody knows, common prosperity must be based on highly developed productive forces and extremely abundant material supplies. However, many countries, under the socialist system, have long been faced with the problem of scarcity. What kind of problem is scarcity? Scarcity is not a problem due to natural resources. Switzerland is a small, mountainous country and scarcely has any natural resources but it is never faced with scarcity. Neither is Japan. However, the Soviet Union before dissolution had always been suffering from scarcity despite its immense territory and very rich resources. Thus it can be seen that scarcity is a problem related to the system. The economic expression of scarcity is the failure of the supply side to meet demands. Why does supply not go up and why does demand not come down? Let us now compare the planned economy with the market economy and see which system can more easily solve the problem of scarcity.

First of all, in order to increase supply, one must bring the producers' initiative into play. Under the market economic system, however, enterprises are not operating on their own, they are not assuming full responsibility for their profits and losses, prices are directly set by the government, and income is distributed among the laborers in an egalitarian manner. So the enterprises and their staff and workers will show no initiative. Without the impetus of initiative, supply will of course not go up. But, under the market economic system, the enterprises are operating on their own and assuming full responsibility for their profits and deficits, prices are to be adjusted according to the changing supply and demand, and the laborers' income is linked with economic returns. Thus, the producers will show their initiative and supply will go up. Therefore, as far as the ability to increase supply is concerned, the planned economy is obviously much inferior to the market economy.

Second, the kind of supply that we want to increase is not the general supply but an effective supply, that is to say, the manufactured products must be what the market is demanding. Under the planned economic system, the enterprises do not care about the market condition, they do not assume full responsibility for their profits and losses, and they will still survive even if their products are unmarketable. So, it is quite common that manufactured goods are simply stocked in warehouses. This is ineffective supply, which will not solve the problem of scarcity at all but will aggravate it because resources have been wasted. The case of the market economy is different. Under it the enterprises assume full responsibility for their profits and losses and must gear production to the market demand—they must pay a price if they suffer losses. So what they turn in is an effective supply. Only effective supply can ease scarcity. Therefore, in view of the ability to increase effective supply, the planned economy is again much inferior to the market economy.

Third, to keep down demand, one must first bring the demand for investment under control. Under the planned economy the demand for investment is out of control because the investor takes no risk and need not care about the investment returns, thus it is up to the investor to start duplicate projects or haphazard projects [hu zi gong cheng 5170 1311 1562 4453]. Such being the case, it is quite likely that investment is out of control. The market economy is another case. Under it the investor has to take the risk and ensure that the investment gives returns very soon. So, the investor will not launch any duplicate or haphazard projects and investment will be regulated by an internal self-restraint mechanism. Therefore, in terms of inhibition of demand, the planned economy is inferior to the market economy.

Fourth, the planned economy is a closed economy, in which an area, a province, or even a country most often embarks on the "small but complete or large and comprehensive" models. These models produce poor scale management and thus dreadful economic returns and it is difficult to bring the advantage in resources into play. The market economy is an open economy. It is good for the transformation of the advantage in resources into a factor that one needs. Switzerland has found that its favorable condition lies in tourism, so it has made use of tourism to earn foreign exchange to buy necessary imports. Japan has found that its favorable condition lies in high and new technology, so it exchanges high and new technology for iron ore, petroleum, and other materials it needs. Therefore, in terms of the advantage in resources, the planned economy is inferior to the market economy.

To achieve common prosperity, one must first of all ensure abundant material supply. However, the planned economic system can hardly resolve even the problem of scarcity—since the people's needs for subsistence are not satisfied, common prosperity is just out of the question. To achieve common prosperity, we must turn to the market economy. The planned economy is leading us into a blind alley, and will finally ruin socialism.

II. First and Second Distributions

What is distribution of income based on in the market economy? It is based on the measurement of economic returns, rather than solely on the amount of labor input or the amount of investment. Good economic returns will imply more income. Suppose the workers of a plant work very hard, starting work early in the morning and leaving the plant late, but the plant's products are unmarketable, then this plant will produce no economic returns no matter how much labor has been inputted. The case of investment is similar. Ineffective investment produces no economic returns. Economic returns will only be displayed through the competition under the market economy. The market economy distributes income according to economic returns. The difference in the economic returns displayed in the competition on the market will inevitably be reflected in the difference in income. The income gap may be widening continuously under the market economy but one need not be worried about this because what the

market does is the first distribution and the government is to take care of the second distribution, which covers the following four aspects:

First, the government is to regulate the distribution of income by the means of taxation, such as income tax and regulatory tax.

Second, the government is undertaking the duty of aiding the poor. The market economy places the stress on the economic returns and the market itself does not resolve the problem of aiding the poor. What then are we going to do with impoverished areas and impoverished households? The government will solve the problem through such means as preferential policies, preferential treatment in supply of funds, and technical training. However, the important thing is the transformation of the operational mechanism. One should rather help the patient develop a new bloodmaking mechanism than depend on blood transfusions.

Third, the government is centralizing social security services. Pensions for the aged, unemployment insurance, medical insurance, and other services are to be undertaken by the government as the authoritative body. The state will contribute an amount of funds, the enterprise will contribute its share, and the individuals will pay their share as well. So, the income gap will be narrowed by social security.

Fourth, the government will serve as the intermediary to intensify lateral economic ties between developed and underdeveloped areas. With lateral economic ties intensified, the pace of development in impoverished areas will be speeded up.

This involves an essential concept—how to interpret the concept of fairness. Once there was a viewpoint that the purpose of practicing the planned economy is to ensure fairness but this is not the actual case.

First of all, what is fairness? Common prosperity is the greatest fairness. The market economy can ensure the realization of the goal of common prosperity, while the planned economy cannot even solve the problem of scarcity.

Second, equal opportunity is an expression of fairness. In the market economy, competitors are like runners on the track. Everybody departs from the same starting line and the best runner will lead others. The income difference is the outcome of the competition. However, the planned economy stresses differential treatment, with runners departing from different starting lines. Is equal opportunity fairer than differential treatment, or the other way round?

Third, full fluidity of qualified personnel is an expression of fairness. Under the planned economy, qualified personnel are tied up with a single enterprise in a single area and the flow of production elements and qualified personnel is subject to extremely strong restrictions. The market economy is a totally different case. Nowadays, we

see many peasant entrepreneurs. Why was it that they could not display their ability in the past? It is because the production elements were not allowed to flow, nor were qualified personnel allowed to transfer. The market economy ensures full fluidity of qualified personnel and those capable people can give full play to their ability. Is the full fluidity of qualified personnel fairer than the practice of tying qualified personnel to a single post, or the other way round?

Fourth, how well a plan is implemented very much depends on the quality of cadres. If a cadre performs his duty impartially, he may handle an affair properly. But if a cadre is of poor quality and abuses the power vested in him by the plan, all kinds of corrupt phenomena will arise. So, is the practice of abusing the power derived from the plan fairer than the two-way selection offered by the market economy, or the other way round? Two-way selection serves as a counterbalance to the abuse of the power derived from the plan. The claim that the planned economic system can ensure fairness is definitely not true.

The old planned economic system can neither solve the problem of scarcity nor ensure the realization of the principle of fairness. Then what is the ground and why is it necessary for us to stubbornly stick to the power derived from the plan?

III. Common Prosperity Cannot Be Achieved in One Move

It is unrealistic for all people to become rich simultaneously, some must become rich before others. Who then will become rich first? Those who abide by law in business operation, work hard and honestly, and make contributions to society will become rich first. Some people have a lot of misunderstanding about the market economy. For example, it is said that "those who practice fraud, swindle money out of others, and do evil things will become rich first." Is this complaint justified by true cases? Yes, it is. What we need to point out is that the market economy is an economy which attaches importance to the legal system. If there are cases of fraud, swindling, and evil doing in economic operations, one should not blame the market economy but rather the loopholes in the law. Many laws have yet to be formulated, for instance the fair competition law, the law for protection of consumers' interests, the law governing product quality, and so on. What is more, laws are not observed, those who have violated the law are not held responsible for what they have done, or laws are not strictly enforced. The blame should not be put on the market economy for loopholes left by the law.

There is another complaint that "those who do research into atomic bombs earn less than tea-flavored egg hawkers." How should we view this phenomenon? If a tea-flavored egg hawker is doing his business within the limits of the law, then you will have no reason to complain about his earning more income than an atomic bomb researcher. How come the researcher's income remains low? One of the reasons is that the state does not have enough resources though it really wants to raise his pay, the enterprise fails to

produce high economic returns, and the financial revenue is scarce. The fundamental cause for this is that the planned economy sets little store by the value of qualified personnel. The market economy is another case, where qualified personnel compete with each other. Through the two-way selection in the market economy, the income of the qualified ones will naturally go up. Just have a look at those countries practicing the market economy, you can never find a single example where a tea-flavored egg hawker earns more than an atomic researcher.

For quite a long time a view was popular among the public which equated egalitarianism, or the practice of eating out of the same big pot, to socialism. This view is wrong. The practice of eating from the same big pot has not been socialist from the outset and, furthermore, this practice actually does not mean that everybody eats from a single, communal, big pot without exception. If you are interested in this, you may refer to the novel "The Outlaws of the Marsh." The story has it that after Chao Gai became chieftain at Liangshan, he made it a rule that all the booty his gang captured should be divided into two halves, one to be retained for accumulation and the other to be distributed among the gang members. The latter half was again to be divided into two parts, one to be shared out equally by gang leaders and the rest by other fellows. So there are actually two big pots, if you belong to this category, you will eat from this big pot; and if you belong to the other category, you will eat from the other big pot. Why then could we people keep a psychological balance in the past? It was because we just did not know there was another big pot beside ours, we just could not imagine eating from the other pot, nor did we know what was in the other pot. After the reform and opening up was initiated, the big pots were smashed. Some people then became rich by raising chickens, some others by raising rabbits, and people no longer ate from the same big pot. Only at this moment people begin to be disturbed by a psychological imbalance. Therefore, I say egalitarianism has never been socialism, the practice of eating from the same big pot has never been socialism either and, what is more, we have never been eating from the same, single, big pot.

IV. Prospects for Market Economy and Employment

The market economy will give rise to unemployment. Will unemployment be tolerable to socialism? This question has been disturbing many people. When we talk of common prosperity, we must provide a clear explanation of the prospects for employment. There are two types of unemployment, one being explicit unemployment and the other implicit unemployment. When a person is keeping a nominal job but actually has nothing to do, it is called implicit unemployment. How do we deal with unemployment under the planned economic system? We just change explicit unemployment into implicit unemployment. In the sixties, as urban areas were faced with economic difficulty, some 20 million people were sent to rural areas and this portion of population was said to be fully employed. Senior and junior secondary school graduates were assigned to work with production teams and said to be employed. What kind of employment was this? The

price paid was the remarkable decline in the labor productivity. This method did not solve the problem and, indeed, it would never work today.

A task we face at the moment is to push enterprises into the market. It is quite natural that some enterprises will survive and others will wither in the market. If all the enterprises are allowed to survive without exception as happened before, the economic returns will never be improved and this country will be hopeless. Therefore, it is an inevitable process of throes in the market competition to let some enterprises go bankrupt and some workers be laid off. We must overcome this difficulty, otherwise we will be hopeless. The unemployment issue is a rather complicated social problem. Having had years of experience with this issue, Western countries still place the employment issue first among a series of objectives in formulating macroscopic policies. The reason is, although price hikes make everybody suffer and everybody may have grievances against the government, in general, nobody will step forward to stir up trouble. However, unemployment will make only part of the population suffer and this will, in turn, cause an imbalance. Therefore, in general, we will not make the inhibition of inflation a major objective but rather place the employment issue first, unless when inflation soars beyond a certain extent, say, 100 percent. Of course we should pay attention to inflation and try to solve it properly. First of all, a social security system must be introduced to relieve the public from various misgivings. Second, it is necessary to explore more job opportunities and introduce various ownership systems. Third, it is necessary to change people's concept of employment. A longstanding belief resulting from the planned economic system is that only employment with an enterprises under the ownership by the whole people, or at

least with a large enterprise under the collective ownership, should be counted as real employment. We must use caution when we set to smashing the iron ricebowl. The iron ricebowl must be smashed but this should only be done when the conditions are ripe and it should be smashed quietly. When more job opportunities are available, the concept on employment is changed, and the employment insurance system is established, people will naturally give up the iron ricebowl without feeling sorry.

The market economy is the only way out for China to solve the employment problem, while the planned economy will get us nowhere. Japan is densely populated indeed but its unemployment rate remains the lowest, because its economy has been developing fast. Have you ever noticed that the Zhu Jiang Delta under the market economy is accommodating several million laborers from Sichuan, Hunan, Jiangxi, Anhui, and Guangxi? The market economy solves the employment problem in two ways. First, enterprises will of course need to recruit more laborers as their production scale expands. Second, the problem of employment will be resolved as soon as the per capita income increases and the consumption pattern changes. Ernst Engel, a European statistician, discovered a law stating that the more impoverished the family, the greater portion of its income will be spent on food; the expenses on food claim the largest portion of the income of the family, whose consumption pattern is simple. Along with economic growth and the increase in the family's income level, the proportion of expenses on food will decrease, the family can afford more consumer goods, and its consumption pattern will inevitably change. This is Engel's law. As soon as the consumption pattern changes, various trades will develop, and the problem of employment will naturally be resolved.

East Region

Nanjing Self-Employed Said Overburdened by Fees

HK0605030693 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 1025 GMT 21 Apr 93

[Text] Beijing, 21 Apr (ZHONGGUO TONGXUN SHE)—While all places in China are trying to create conditions to support the development of individual-owned private enterprises, however, self-employed business operators in Nanjing have lately closed their businesses one after another. It is learned that as many as over 2,000 self-employed workers have done so in Gulou and Xiaguan Districts alone.

One of the reasons some self-employed business operators have given up is, according to some information, that some peasant pedlars from neighboring provinces and second-occupation workers in the city have set up unlicensed stalls. They pay no tax or fees, start business wherever they want, and operate at reduced prices. The licensed self-employed workers are not in a position to compete with them and have to back out. Some other self-employed business operators have given up because they are bogged down by financial burdens. Report has it that self-employed business operators are required to pay too many fees and contributions, and their burden is too heavy. They must have 200-300 yuan per month to cope with all that. During this year's annual business license inspection, the fees collected by the industrial and commercial authorities include, on top of the required contributions to the "three funds," contributions to seven other pools, namely, the "Hope Project," "social welfare," "flood-fighting fund," "fund for the disabled," "fund for heroic citizens," "fund for the families of compulsory servicemen," and even the fund for the International Women's Conference, due to be held in Beijing in 1995. Therefore, some clever self-employed business operators said without reservation: "Rather than paying all this money, I would wind the business up and apply for another license six months later, which is more worthwhile. Dodging one annual inspection, I can save hundreds of yuan."

'Sharp' Rise in Urban Jiangsu Private Savings

OW0805023593 Beijing XINHUA in English 0150
GMT 8 May 93

[Text] Nanjing, May 8 (XINHUA)—City dwellers in Jiangsu Province, east China, have experienced a sharp increase in their financial holdings over the past few years, according to a recent survey of 1,000 households in six cities, including Nanjing, Suzhou and Xuzhou across the province.

By the end of March this year, on average each household had a total of 7,228 yuan (about 1,250 U.S. dollars) in capital, including 4,137 yuan in bank deposits, 2,236 yuan in bonds, 647 yuan in cash and 105 yuan in share-holding certificates.

The survey shows that people have been bolder to make risk-taking investments, including buying securities, while in the past Chinese used to put their extra money in the bank as a riskless way to save money.

In recent years the money spent by city residents in Jiangsu on securities and bonds has been growing much faster than their bank deposits, the survey revealed.

This has led to a drop in bank deposits, according to local bank sources. In the first quarter of this year, 73.1 percent of the money used to buy securities was withdrawn from banks.

Shandong Relaxes Controlled Commodities Approval

SK0705133693 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 6 May 93

[Text] Effective 1 May this year, the number of commodities under special state control has been reduced to eight. The provincial leading group in charge of bringing commodity purchases under control has divided the eight controlled commodities into 10 varieties and has redefined the limits of authority of every level in approving commodity purchases.

The commodity purchase control office at the provincial level is responsible for approving the purchase of sedans.

The commodity purchase control office at the city-prefecture level is responsible for approving the purchase of vans or buses, motorbikes, video equipment, air conditioners, and mobile phones.

The commodity purchase control office at the county level is responsible for approving the purchase of audio equipment; more than three cameras and enlargers costing more than 500 yuan; and the purchase of videotape recorders and pagers, requested by the units at or above the county level.

The provincial leading group in charge of controlling commodity purchases also stipulates that the emergent purchase of commodities under special control, such as sedans, vans or buses, and motorbikes, requested by township enterprises at or below the county level, can be approved by the county-level commodity purchase control office.

In addition to submitting their request for purchase of commodities under the special control to their higher authorities for approval, the purchase of such commodities requested by units directly under the levels of province, city, and county; as well as by enterprise groups or units stationed in the development zones run by the central authorities and other provinces in Shandong can be directly approved by the authorities at the same level. Meanwhile, our province has also readjusted the additional tax revenue for the commodities under special control.

Southwest Region

Tibet Party Official on Economic Situation

OW0605235093 Lhasa Tibet People's Radio Network in Mandarin 1430 GMT 22 Apr 93

[From the "Tibet News" program]

[Text] On the afternoon of 22 April, the autonomous regional party committee held a meeting in the Hall of the People of Tibet for cadres of departments directly under the autonomous region and for Lhasa city cadres at and above town and departmental levels. This meeting's purpose was to relay the guidelines of the report meeting on the economic situation held by central authorities. At the meeting, Danzim, deputy secretary of the autonomous regional party committee, and Zi Cheng and Buqiong, members of the regional party committee standing committee, relayed the central leading comrades' important talks.

Basang, deputy secretary of the autonomous regional party committee, spoke of our region's present economic work. Deputy Secretary Basang said: Our region's economic situation in the first quarter of this year was rather good. On the basis of bumper harvests for consecutive years, the agricultural and animal husbandry sectors vigorously did a good job in implementing plans and ensured a smooth progress in spring farming production and in lamb delivering and sheep rearing work. In light of respective realities, industrial production and transportation enterprises conscientiously carried out the "Regulations Regarding the Change of the Operating Mechanism of State-Owned Industrial Enterprises." Some have begun to extricate themselves from their predicament, enter the market, and march on the track of renovation and development. With the support of policies and forces from all sectors, village and town enterprises are developing gradually. At present, our region's social order is well-maintained, the market economy is becoming more and more active, the cadres and the masses' ideology is stabilized, and they are all contributing their talents to speeding up Tibet's economic construction.

Deputy Secretary Basang urged cadres to pay attention to the following three points in the current economic work. 1) We must seize opportunities and do solid work. He said: At the moment, our region is unfolding a vigorous study and discussion campaign on emancipating minds, changing concepts, and finding out where we lag behind. By conducting discussions in view of their realities, many departments have put forward new ideas for their economic work. This is of practical significance for accelerating economic developments in our region. We should concentrate on two issues in conducting this discussion campaign. First, the purpose of unfolding this study and discussion campaign on emancipating minds, changing concepts, and finding out where we lag behind aims at uniting our thinking and focusing on the central theme of raising our region's economy to a new level. We should break the economic blockade between regions and transform the working functions of responsible departments at

all levels. This requires that our leading cadres pay attention to the central task of developing Tibet's economy. The key lies in setting the objective of our discussions and putting forward operational measures for Tibet's economic development. Therefore, we cannot just talk or write about emancipating our minds and changing our ideas. We must formulate feasible development plans and substantial measures in light of the realities of our own region and departments. We must also overcome the passive mentality of waiting for, depending on, and indiscriminately imitating others. We should not sit and wait for economic development opportunities to come to us; it is not realistic to depend on others' helping hands in drawing up measures that we need; and it is of no use to indiscriminately copy the experiences of other developed regions. We should adopt a correct attitude towards the current situation and opportunities. In other words, we should foster a sense of urgency brought about by the times in grasping opportunities, a sense of historical responsibility in cherishing opportunities, and a scientific approach in making good use of opportunities. We can only rely on ourselves in leading people of all nationalities in this region to do effective pioneering work in accomplishing the goal of pushing Tibet's economy to a new height. Second, Secretary Chen Kuiyuan led responsible comrades of relevant departments in our region to conduct investigations and studies in Shandong, Jiangsu, and other economically developed provinces and regions. During this period, Secretary Chen Kuiyuan, on behalf of our region, reached agreements in principle with some regions on assisting and jointly developing Tibet. We should call this an opportunity. According to these agreements in principle, industrial, transportation, agricultural, animal husbandry, and business departments, and village and town enterprises in our region should seize this opportunity and take the initiative to discuss cooperation with our fraternal provinces and regions in the development of specific projects in Tibet. 2) We should do a good job in agricultural and animal husbandry work in order to ensure bumper harvests. Deputy Secretary Basang pointed out: The development of agriculture and animal husbandry is the foundation which concerns our entire region's stability and smooth economic work. This year, we should solve the new problems that have come up in our region's agricultural and animal husbandry production procedures after the prices of such farming production means as chemical fertilizers and diesel oil were adjusted. Therefore, relevant responsible departments cannot regard these problems as a factor of force majeure and ignore the shrinking of agricultural and animal husbandry production. Moreover, we should vigorously organize forces to help peasants and herdsmen solve problems in rural and pastoral areas. We should supply as soon as possible the available production means needed in field management, grassland construction, and livestock immunization work. We should popularize as soon as possible the use of substitute technologies by peasants and herdsmen in order to compensate the loss incurred in adjusting the prices of some agricultural production means. 3) We should intensify work and further deepen reform and opening up. Deputy Secretary Basang said: In deepening reform and opening up in our region, we

should not only attract people outside to enter Tibet by adopting preferential measures, but we should also cast off the closed policy and walk out of Tibet on our own initiative. We should rid ourselves of the stale idea of selfish departmentalism. We should strengthen economic ties among the region's various prefectures and cities. Departments at all levels should thoroughly transform working functions and give priority to serving Tibet's economic construction in their work. Therefore, this requires that leading cadres at all levels conscientiously carry out the guidelines regarding the economic work of the fourth enlarged full meeting of the fourth autonomous regional party committee. We should not only make great efforts in carrying out the guidelines but also should contribute our little bit and ideas to pushing Tibet's economic development to a new level as quickly as possible.

Autonomous regional leading cadres attending the relay meeting included Puqiong, Sengqen Lozong Gyaincain, Tian Fujun, Gyamco, Laba Pingcuo, (Xu Hongsen), and Baizhao, president of the autonomous regional higher people's court.

Yunnan Elects Governor, Congress Chairman

HK1005031093 Kunming Yunnan People's Radio
Network in Mandarin 1000 GMT 7 May 93

[Text] At the Fourth Plenary Meeting of the First Session of the Eighth Yunnan Provincial People's Congress held this morning, Yin Jun was elected chairman of the eighth provincial people's congress standing committee and He Zhiqiang was elected governor of the Yunnan people's government.

Executive Chairman Pu Chaozhu presided over the meeting this morning. Other executive chairmen of the meeting were Sun Yuping, Liu Shusheng, Liang Junquan, Mao Xinlin, Deng Pingxun, Zhu Fayu, Zhuang Qifa, Li Mingshan, Li Zhonghua, and Wu Jinzhuang. The number of deputies who should attend the meeting is 629, and the actual number of attendees was 590, exceeding 50 percent and meeting the required quorum.

The meeting first adopted the name list of chief scrutineer and scrutineers by a show of hands. At 0935, 590 deputies went one after another to cast their votes into the seven ballot boxes placed around the meeting venue to elect the new chairman of the provincial people's congress standing committee and governor. Enthusiastic applause burst out when the results of the election were announced.

North Region

Hebei Reports Serious Drinking Water Shortage

SK0705103193 Shijiazhuang HEBEI RIBAO in
Chinese 24 Apr 93 p 1

[By reporter Yang Jizhi (2799 6855 2655): "Forty-Five Million Mu of Cultivated Land Lack Moisture; 100,000 People in Mountainous Areas Have Difficulty Getting Drinking Water"]

[Text] Drought has become more and more serious every day in Hebei since this spring, resulting in a lack of moisture in wheat fields, impeding spring sowing, and extremely difficult water supplies to the people and animals in mountainous areas.

According to statistics of pertinent departments, the province's average precipitation was 9.6 millimeters [mm] from January to March, a decline of 45 percent from that of the same period of an average year. After April, the province's average precipitation was only 6.3 mm. This plus the frequent and fierce winds in spring accelerated the loss of soil moisture. At present, 45 million mu of cultivated land in the province lack moisture, of which 10 million mu are wheat fields, and 35 million mu are farmland on which crops have yet to be planted. A survey on the growth of wheat seedlings conducted in March showed that first-category wheat declined by 10 percent, and third-category wheat increased by 15 percent as compared with last year. The lack of soil moisture in dry wheat fields is even more serious. Dead seedlings have been found in the 700,000 mu of dry wheat fields in Xingtai Prefecture. Spring sowing of cotton has been impeded. According to a survey conducted in Cangzhou Prefecture in April, the water content of the 20-centimeter beneath-the-surface layer of soil of unsown land is only 5-8 percent, making it necessary to create moisture for all the cotton fields to be sown in spring. The drought has hindered the progress of spring cotton sowing. By 21 April, only 1.25 million mu were sown, down 1.32 million mu from last year.

Due to the continuous dry spells, surface and underground water resources have become extremely scant. In the 17 large reservoirs in the province, only 500 million cubic meters of waters are available, down nearly 600 million cubic meters from the corresponding period last year, and the underground water level is one to two meters lower than the corresponding period last year. Shijiazhuang Prefecture has 186 reservoirs of all sizes, but only five of them have 240 million cubic meters of water that can be used. More than 2,000 wells for irrigation purpose dried up earlier this year. Since March, another 4,000-odd pump wells have become useless, and more than 30,000 wells have produced half the amount of water. The underground water level was 21 meters in March, down nearly one meter from early last year. Due to the drought, 100,000 people in more than 170 villages in the mountainous areas of the province have experienced difficulty in obtaining drinking water, and people of more than 60 villages have to go to other localities to get water. All the ponds and water holes of 30 villages in Handan city have already dried up, forcing their 32,000 people and 25,000 head of large animals to transport water from outside their villages. Drinking water supplies have become even more difficult in Jingxing, Shexian, and Wuan Counties where water supplies were already difficult. More than 10,000 people in 35 villages in Jingxing County had to transport water from outside their villages. 25,000 people in 56 villages in Shexian County had experienced difficulty in obtaining drinking water by mid-April, and more than 20,000 people in 38 villages in Wuan County also had

difficulty in drinking water supplies. People in some villages in plain areas, such as Dacheng and Weixian Counties, also have to obtain water from farmland for daily use.

Hebei Secretary Urges 'Striving for Development'

SK0705132193 Shijiazhuang HEBEI RIBAO in
Chinese 23 Apr 93 p 1

[By reporter Zhang Zhixin (1728 1807 2946): "Further Emancipate the Mind, Enhance the Four Senses, and Deepen the Propaganda and Discussion on Seizing the Opportunity and Striving for Development"]

[Text] A general discussion on "seizing the opportunity and striving for development" is being conducted throughout the province. On the afternoon of 21 April Cheng Weigao, secretary of the provincial party committee and governor, and Han Licheng, member of the provincial party committee standing committee and director of the provincial party committee propaganda department, went to the HEBEI RIBAO office to talk with responsible comrades of some press units in Shijiazhuang on how to deepen the general discussion.

After hearing the provincial party committee propaganda department's report and reports by some press units, Cheng Weigao said: It is of special significance for Hebei to conduct propaganda and discussion on seizing the opportunity and striving for development. The key to accelerating Hebei's economic construction, reform, and opening up lies in the emancipation of the mind. Successfully propagating and discussing this issue is an important step for the province to accomplish the Eighth and the Ninth Five-Year Plans and to become an economically strong province. Propaganda work is guidance and motivation. Only by extensively emancipating the mind can we effect a big economic development. I hope that press units will continuously deepen the propaganda and discussion.

How should we deepen this general discussion? Cheng Weigao said: As far as journalists are concerned, they should go deep into the realities of life. Lacking an understanding of the current situation in economic construction, reform, and opening up; lacking an understanding of the typical cases of seizing the opportunity and accelerating development; and lacking an understanding of the ideas and problems of the vast numbers of cadres and the masses in seizing the opportunity and accelerating development, a press unit is unable to conduct propaganda and report situation vividly, specifically, and fruitfully, still less give full play to the power of propaganda. I have told some reporters that they should pay attention to studying, studying, and studying again and should not be busy running around everywhere to cover the news of meetings, compile ready-made materials, and set forth some vague and general questions while conducting interviews.

Cheng Weigao said: The focus of the current general discussion remains on emancipating the mind. In emancipating the mind, we should stress four senses: First, the

sense of crisis. Now, some cadres in the province have the small-scale production sense of being content with a little bit progress and prosperity, are accustomed to comparing the present with the past, and are not accustomed and are reluctant to compare themselves with others. Without the determination of making a big step and working for large cause, Hebei will lag behind others. Therefore, we must enhance the sense of crisis. Second, the sense of pioneering, in other words, risk. Now, some localities are still disputing whether a move is socialist or capitalist, is overheated or cold, and is right or wrong. Some cadres still fail to set their hands free, are still engaging in small and old undertakings, and have no courage to take a risk and try something new. Such ideas have bound them up. Third, the sense of competition. We should overcome the idea of waiting for the state and depending on the higher levels in doing everything. Under the situation that market economy is already developing, some cadres are still reluctant to go to markets to compete with others but depend on the market to distribute resources and obtain development conditions. Fourth, the sense of development. Now, a big ideological obstruction that prevents us from seizing the opportunity is to consider only the favorable conditions and a good objective environment as opportunity but not consider contradictions, difficulties, and pressure as opportunity. Contradictions and problems indicate the orientation of reform for us, and they are also an opportunity. With conditions, we should strive for development; without conditions, we should create them to strive for development. It is too late to strive for development only when all conditions are ripe.

Cheng Weigao stressed: In propagating and reporting the cases on seizing the opportunity, we should emphasize positive cases and use advanced examples to answer the people's questions. By using advanced examples to make comparisons and analyses, we can promote and encourage the backward to change. In choosing examples, we should see if they can help stimulate the people's ideas and arouse the people's fighting will. If an example cannot answer the common questions of the people and cannot help the people emancipate their minds, it has no power. It is no easy task to seize the opportunity. Without the spirit of bearing untold hardships, undergoing a long and arduous journey, speaking thousands and thousands of words, and trying every possible means, we are unable to seize the opportunity. For instance, in seizing the opportunity, it is important that we pay attention to the image of Hebei, in addition to changing ideas and concepts. Some localities have a bad image not only because of their bad urban environment, but also because they go back on their words and pay no attention to reputation. These localities cannot provide a sense of security and trust to those who want to invest and organize cooperation. We should answer the people's questions with selected examples of different types, such as the examples of depending on reform to seize the opportunity; the examples of depending on opening up to seize the opportunity; the examples of seizing the opportunity by depending on the spirit of bearing untold hardships, undergoing a long and arduous journey, uttering thousands and thousands of words, and

trying every possible means; and the examples of seizing the opportunity by improving investment environment. He said: We should also be brave in dealing stern blows to the problems emerging among certain leading cadres and certain fields of work in order to give full play to the supervisory and promotion role of the press units and the media.

Han Licheng, member of the provincial party committee standing committee and director of the propaganda department, said: The press units should regard propaganda and the report on the current discussion as an opportunity to overcome the vague generalization of the propaganda. To formulate good propaganda and give a good report, we should go deep into the realities and grass-roots areas to conduct investigation and study. The speeches and reports written in a room certainly are not realistic. We should conduct not only investigation but also study, and should not emphasize the former to the neglect of the latter. We should dare to tell the truth. On the premise of mainly propagating positive cases, we should also seek truth from facts and stress not only experiences but also lessons.

After the discussion, Cheng Weigao, Han Licheng, and other comrades viewed the operational situation of the offset printing equipment of the HEBEI RIBAO Agency and inquired about the progress of the second technological transformation project.

Northwest Region

Gansu Governor on Changing Operational Mechanism

HK1005092493 Lanzhou Gansu People's Radio Network in Mandarin 2300 GMT 6 May 93

[Text] During their investigation visit to the Lanzhou Foodstuff Factory, Governor Yan Haiwang and Vice Governor Zhang Wule stressed: To end their state of passivity and regain the initiative, enterprises plagued by difficulties should further emancipate their minds, speed up the pace of changing their operational mechanism, and devote substantial effort to improving their internal management.

Yesterday morning [6 May], Governor Yan Haiwang, Vice Governor Zhang Wule, and leading cadres from the relevant departments under the provincial authorities thoroughly investigated the Lanzhou Foodstuff Factory to acquaint themselves with the development of new products.

On the spot, Yan Haiwang and Zhang Wule emphatically pointed out: It is necessary to practice the principle of developing our economy that has been enunciated by the provincial authorities. It is also essential to pay simultaneous attention to enterprises with both sound and poor economic returns. Enterprises with poor economic returns should review their history, sum up experiences and lessons, face up to difficulties, regain confidence, and refrain from underestimating their own capabilities. We should inspire the people's pioneering spirit, devote great efforts

to studying the market and developing marketable products, and accomplish our work in all fields in a down-to-earth manner by exercising sound internal management. All government organs should also have the courage to give appropriate autonomy to enterprises, provide them with satisfactory services, and support them to achieve further development.

Shaanxi Secretary on Provincial Economic Work

HK0705133293 Xian Shaanxi People's Radio Network in Mandarin 0010 GMT 25 Apr 93

[Text] The provincial government called a meeting in Xian yesterday [25 April] at which Governor Bai Qingcai relayed the spirit of a recent State Council briefing to leading members of various prefectures, cities, and counties attending the provincial People's Congress. Zhang Baoxing and Xu Shanlin delivered separate speeches at the meeting. Liu Ronghui, Zheng Silin, Cheng Antong, Wang Shuangxi, and Fan Xiaomei were also present at the meeting.

Governor Bai Qingcai first relayed the speeches of Comrades Li Peng, Zhu Rongji, and Jiang Zemin at the State Council briefing. He said: While reaffirming the present good situation, central leaders emphatically forwarded solutions to a series of problems, such as excessive investment scale, insufficient supply of funds, an excessive number of development zones, heavy burdens of peasants, and uneven social distribution. The central leaders also urged all localities to correctly handle the relationship between reform and development, refrain from blindly concentrating on speed, correctly handle the relationship between efficiency and speed, try to solve problems existing at a deeper level in our economic work, further deepen reform and prevent the economy from becoming overheated, and keep control over inflation.

In his speech, Zhang Baoxing said: We should seize the current favorable opportunities and persistently carry out the 20 projects put forward by the provincial party committee and government on rejuvenating Shaanxi. All localities and departments across the province should make their contribution to realizing this goal of strategic significance. This is a strategic measure which we should carry out unswervingly, for it has a bearing on whether or not we can quadruple the eighties GNP by the end of this century and lay a solid foundation for the next century and on the common interests of the people of the entire province. At present, we should not slacken the effort on the issue of agriculture but to keep the issue in mind all the time. We should first stop and then rectify the arbitrary impositions of production quotas and fees on peasants. During the present period of temporary spring shortage, that is, when new crop is still in the blade and the old one is all consumed, leading comrades in all localities should go deep down to remote poverty-stricken areas to acquaint themselves with the real life of peasants there, and help poor rural households through difficulties.

Zhao Baoxing emphasized in his speech: Shaanxi missed some favorable opportunities in the past; therefore, we

should grasp firmly all opportunities this time, make earnest efforts, and fulfill all the tasks one by one. We should concentrate on and strive to bring about practical results as soon as possible.

Vice Governor Xu Shanlin focused on problems in our financial work which need to be solved. The major cause for the current insufficient supply of funds is the excessive scale of basic construction, under which there exists a

hidden danger of inflation. To solve this problem, we should first control the issuance of currency and credit scale and rectify [words indistinct], bonds, and stocks. Units which intend to issue bonds should first obtain approval from higher authorities and the interest rates of these bonds cannot be higher than those of state treasury bonds. At present, it is necessary to make full use of existing funds, and all levels should manage well their own affairs by making good and flexible use of limited funds.

Intellectual Property Rights Guidelines Released
OW1005073493 Taipei Voice of Free China in English
0200 GMT 3 May 93

[From the "News" program]

[Text] At the same time when the United States officially announced that the ROC [Republic of China] was on the special 301 priority watch list, the ROC cabinet-level working group on U.S. trade announced its four-year plan and guidelines for the full protection of intellectual property rights. This plan should go into effect on 1 June and hopefully will demonstrate to the U.S. Taiwan's determination to protect intellectual property rights. In addition to calling for the quick passage of a cable tv law, the guidelines call on the government to pass a videotape law, an integrated circuit or (R.I.C.) protection law, an industrial design law, and a law protecting business secrets. Implementation of the new laws will be enforced by a special police unit to be established to handle the issues. To deal with the expected backlash from local industries, the plan also includes provisions that pertain to the establishment and management of local copyrights and patents.

Dalai Lama's Brother Concludes Visit

OW1005090693 Taipei CNA in English 0818 GMT
10 May 93

[Text] Taipei, May 10 (CNA)—Gyalo Thondup, brother of the Tibetan spiritual leader Dalai Lama, said on the eve of his departure that he believes the Dalai Lama might be willing to visit Taiwan soon.

Gyalo Thondup, who arrived in Taipei last Monday and left this Monday, said he will report what he has seen in Taiwan—democracy and prosperity—to the Dalai Lama.

While here, Gyalo Thondup visited President Li Teng-hui and Chang Chun-i, chairman of the Mongolian & Tibetan Affairs Commission, and other high ranking government officials.

Under President Li's leadership, Taiwan residents are already boasting of a democratic and peaceful life which, as Gyalo Thondup put it, is not only "a model for China but also the goal of all Tibetans."

Gyalo Thondup was particularly impressed by the rich Tibetan cultural artifacts on a visit to the National Palace Museum in suburban Taipei.

He said Chinese culture is great as it is able to merge harmoniously a wide variety of cultures representing different minorities.

While saying Tibetan culture is part of the greater Chinese culture, Gyalo Thondup said Tibetan culture is confronted with a crisis stemming from the immigration of a massive number of the Han people.

He said he would rather call the pressing issue facing Tibet as the preservation of culture and religion rather than sovereignty. "What the Dalai Lama is striving for in the

United States and the United Kingdom is exactly the preservation of Tibetan culture," Gyalo Thondup said.

The Dalai Lama fled Tibet in 1950 and organized an exile government after the Chinese communists moved in and quelled a riot there by force.

KMT Official on Mainland Political Reform

HK1005101893 Hong Kong AFP in English 0901 GMT
10 May 93

[By Yvan Chemla]

[Text] Taipei, May 10 (AFP)—The death of Deng Xiaoping may be followed by a period of chaos in China but could be beneficial to political democracy in the long term, says Chen Chien-Jen [name as received], overseas affairs director of Taiwan's ruling Kuomintang.

In an interview with AFP, Chen said the situation "could be chaotic after Deng's death, but the decision-making process might be more democratic with a more collective leadership."

He felt the Chinese leadership wanted to "move forward on economic reforms but they don't know how to adjust themselves politically. They cannot reverse the trend on economic reforms. Political reforms will follow, but maybe at a slower pace," he added.

Chen, whose Kuomintang party has 1.35 million members out of a population of 20 million, said he was "cautiously optimistic on the future of our relations with the PRC. Their leadership is more exposed to the outside world."

Recent Sino-Taiwan talks in Singapore constituted an "important step in rebuilding mutual trust" and should "open doors to broader agreements," said Chen, a legislator, who saw no reason to doubt Beijing's good faith over the agreements reached.

These were "not political but technical agreements and they (the Chinese leadership) are not so stupid as not to implement things which are in their interest."

On guarantees for Taiwan investment in China, Chen said Taipei is insisting on obtaining "protection mutually agreed and not unilaterally decided (by China)."

Asked about Taiwan's arms purchases from France and the United States, Cheng said this had nothing to do with trying to strengthen Taiwan's bargaining position vis a vis Beijing. The "main consideration is to maintain our security. Without it there will be no peace, no stability, no economic prosperity," he said.

To explain the apparent paradox of China negotiating and trading with Taipei while at the same time hurling abuse at other countries which did the same thing, Chen said the Chinese leadership was pursuing "policies which were incompatible with reality" and as a result there were "discrepancies."

Chen said Taiwan's relations with the new U.S. administration were "very smooth in all fields except trade" and he thought some of the political restrictions Washington has imposed on Taipei would be "gradually removed."

Bill Clinton had visited Taiwan four times before he became president. "He knows this place very well. He is very positive about this country, even better than (former President George) Bush."

On the sale of French Mirage jets to Taiwan, Chen attributed the change in the French position chiefly to economic reasons, but underlined the events that took place in Tiananmen Square and the fact that Taiwan was now a "real democracy."

Taiwan was economically very attractive and had 72 political parties and 25 differing political groupings.

Chen dismissed suggestions that Hong Kong's return to China in 1997 would weaken Taiwan's position. He said Taiwan was considering various ways to further its candidacy for United Nations membership, although the ultimate objective remained the reunification of China.

He said that the world's trading nations would set a "bad precedent" if, for political considerations, they deferred Taiwan's official entry to the GATT (General Agreement on Tariffs and Trade).

Taiwan's economic system was much freer than that of at least two thirds of GATT's 109 members, said Chen. It is very difficult for a government to accept that pragmatism has been overtaken by political considerations, he said.

China opposes Taiwan's admission to GATT before its own. To get round this problem and possibly to force Beijing to make certain concessions for readmission, Europeans and Americans are considering applying the rules of the general agreement to Taiwan, putting off till a later date its formal admission.

This de facto admission could come before the end of the year so long as the Taipei government does not adopt Chen's objections.

Chen said he would object to such a GATT plan in his capacity as a legislator.

Jiang Zemin Meets Taiwan Legislators

OW0805013093 Taipei CHUNG KUO SHIH PAO in Chinese 10 Apr 93 p 3

["Special dispatch" by special staff reporter Wang Mingyi (3769 6900 5030) from Peking on 9 April]

[Text] While meeting at Chungnanhai [Zhongnanhai] with Tsai Chung-han, Shen Chih-hui, and Hung Tung-kui, members of a delegation visiting the mainland from the "Housheng Hui [Welfare Society]" of China's Legislative Yuan on the afternoon of 8 April, Chiang Tse-min [Jiang Zemin], general secretary of the CPC Central Committee [CPCCC] and president of Communist China, said: We have told Western leaders time and again that China will

never engage in aggression and hegemony, but they never believe it. Some foreign powers in particular even wish China would remain divided. They do not wish the two sides of the Taiwan Strait to be united.

This was the second time in the week that President Chiang Tse-min of Communist China met delegations of our legislators. It was learned that the CPCCC United Front Work Department and its peripheral organization the "All-China Federation of Taiwan Compatriots" recently strengthened their united front work geared toward the Legislative Yuan. In the near future, they will invite, one after another, members of all political factions of the Legislative Yuan to visit Peking. Meanwhile, arrangements are being made for them to meet Chinese leaders.

Tsai Chung-han, Shen Chih-hui, and Hung Tung-kui were quoted as saying before their departure from Peking this morning that they had met and talked with Chiang Tse-min for more than an hour on the afternoon of 8 April, but they did not touch on any political topics concerning the two sides of the Taiwan Strait. They said the main topic discussed was cultural exchanges between the two sides of the Taiwan Strait and the protection of the rights and interests of Taiwan businessmen who invest in the mainland. Hung Tung-kui asked Chiang Tse-min several times about his "ideas for ruling a country." In response to her questions, Chiang Tse-min made some brief explanations.

He said: Ours is a great nation. But the Chinese nation has experienced many vicissitudes in its history. He expressed his hope that China would be a country of self-improvement, self-confidence, and self-reliance and that the two sides of the Taiwan Strait would make up the shortcomings of one side by means of the merits of the other, and be united and cooperative. Only in this way, would the Chinese nation become stronger than ever.

While talking about the policy of reform and opening up which has been carried out on the mainland since the "Third Plenary Session of the 11th CPCCC" in 1978 and the process of building "special economic zones [SEZ's]" in Shenchén [Shenzhen], Chuhai [Zhuhai], Shantou [Shantou], and Hsiamen [Xiamen], Communist Chinese President Chiang Tse-min took the initiative in revealing the inside story on how the decisions were made. He said: As a matter of fact, it was he, himself, who introduced the system of special economic zones. To develop the plan for the special economic zone system in the past, he had led a group of people, including one party secretary from Hsiamen, four party secretaries from Shenchén, and one economic adviser from Germany, on a 50-day global trip which took them to countries in Southeast Asia, the United States, and Europe. They conducted a thorough inspection of export processing zones in many countries. When they returned to the mainland, he made a briefing report on the inspection trip to Yeh Chien-ying [Ye Jianying], who was then minister in charge of the State Planning Commission.

Chiang Tse-min said: The mainland's SEZ system started in Paoan [Baotou] county in Shenchén city. Soon after that,

four more SEZ's were developed. He said: Carrying out the SEZ system is a major step in opening to the outside world; it is also a brand new experiment in utilizing foreign funds, technology, and management experience to develop a socialist economy. Despite the fact that the conditions in coastal provinces differ from those in the inland areas, the economy in the rural areas has also made marked progress and brought about material benefits to the 800-900 million peasants as a result of the emergence of village and township enterprises.

Legislator Hung Tung-kui said: During the meeting, I called for unifying the way Chinese characters are written on the two sides of the Taiwan Strait to promote cultural exchange. Chiang Tse-min admitted that he was accustomed to signing his name in the complex form and was able to understand Taiwan's newspapers completely. He indicated that he was not opposed to Taiwan and Hong Kong using the complex form of the Chinese characters, adding that some of the simplified forms of the Chinese characters had become more and more difficult to comprehend and that the Chinese characters should not be simplified further.

Legislator Shen Chih-hui mentioned that Taiwan businessmen on the mainland were frequently troubled by the ambiguity of the mainland's financial, tax, and accounting laws and regulations, and she urged the responsible departments on the mainland to take concrete steps to improve this situation. To this, Chiang Tse-min indicated that beginning 1 July this year, a new accounting system would be implemented by all large and medium state-owned enterprises on the mainland and that in the next three years of the transitional period, all factories and enterprises would be asked to adopt an accounting system compatible with the international system to pave way for the establishment of a sound accounting system for enterprises.

PRC Financial Links To Follow Government Line
*OW0805123093 Taipei CNA in English 0848 GMT
8 May 93*

[Text] Taipei, May 8 (CNA)—Finance Minister Lin Chen-kuo stressed Saturday [8 May] that financial connections between Taiwan and Mainland China will go along with the government's mainland policy.

Banking links between the two sides of the Taiwan Straits will be promoted in compliance with the first, second, and third phases of the national reunification guidelines, Lin said. Currently, only overseas branches of Taiwan banks are allowed to establish business connections with their mainland counterparts or mainland branches of foreign banks.

The minister noted that there is not a direct cross-strait banking link scheduled for the near future. The problem of financial connections across the straits has been the focus of attention these days as a high-powered Taiwan banking delegation is making a two-week visit to the mainland in a new effort to probe the feasibility of opening branches there.

The heads of 15 private commercial banks in Taiwan, led by Lu Jen-kang, former finance minister and now chairman of the Dah An Commercial Bank, left for Beijing May 5 and are slated to return to Taipei on May 19. Their itinerary will also take them to Shanghai, Xiamen, and Shenzhen.

A CNA report from Beijing said that the Taiwan bankers were deeply impressed with the large profits made by mainland banks after meeting with Vice President Huang Yujun of the Industrial and Commercial Bank of China and President Zhou Daojong of the People's Construction Bank of China Friday.

According to the briefings held at the two banks, the Industrial and Commercial Bank of China absorbed more than 600 billion renminbi (RMB), made loans of over 700 billion RMB, and thus earned 16 billion RMB in 1991. The deposits and the loans reached 700 billion rmb and 800 billion RMB respectively last year, thereby pushing up the bank's profits.

Savings and lendings in the People's Construction Bank totaled 300 billion RMB and 350 billion RMB separately last year.

Hsieh Jen-tung, chairman of the Pan Asia Bank, said on behalf of the Taiwan banking delegation that financial institutions on the mainland could make money primarily due to the same levels of interest rates and deposit requirement reserves.

Saying the visit is a starting point to open up direct banking ties across the straits, Hsieh pointed out that "when the plan for opening branches will materialize is an unpredictable."

Poll Views Mainland Influence, Domestic Issues
*OW1005090293 Taipei CNA in English 0801 GMT
10 May 93*

[Text] Taipei, May 10 (CNA)—More than half of those polled by the Public Opinion Research Foundation recently say that they believe Mainland China will have an increasing influence upon Taiwan, while 52.6 percent of those polled still consider Communist China hostile to Taiwan.

The foundation collected opinions about relations between Taiwan and Mainland China and Taiwan's political status from 1,025 persons aged 20 and over from all around the island.

After the Singapore meeting between the Straits Exchange Foundation [SEF] and the mainland Chinese Association for Relations Across the Taiwan Straits [ARATS] regarding the cross-strait relations, 45.6 percent of those polled indicated they see China's unification as a likely trend, 9.7 percent see the possibility of Taiwan independence, and only 14.4 percent believe that the status quo can be maintained.

Not all of the public is convinced that the meeting between SEF chairman Ku Chen-fu and ARATS chairman Wang Daohan was non-political, as was officially promoted. Among those polled, only 36.9 percent felt the meeting focused purely on operational affairs, and 24.2 percent considered it a meeting of political significance.

Concerned about future cross-strait negotiations, 61.6 percent polled say they are afraid of a situation that the decisions will be made by only a handful of people, and only 22.8 percent say it doesn't worry them.

More than a third—36.9 percent—said that they believe the welfare of the 20 million people in Taiwan can be safeguarded, while 24 percent said that Taiwan will remain vulnerable to aggression by Mainland China.

With open support for Taiwan independence no longer taboo, 23.7 percent polled say that they support Taiwan independence, though a much greater share, 55.3 percent, voiced objection.

If Taiwan were to declare its independence, 55.3 percent polled say that Communist China might apply military force against Taiwan, but 20.7 percent do not believe Beijing would take such action.

More people are inclined to believe that the status quo on both sides of the Taiwan Straits will be maintained within the next five years. Only 5 percent polled believe that Mainland China will be unified by Taiwan; 3 percent believe a vice versa situation; 4 percent believe Taiwan will become independent from China; and 41 percent believe the cross-strait relations will keep its current status.

On domestic politics, 49.1 percent polled believe that President Li Teng-hui, and not premier Lien Chan, is directing government policies. Only 12 percent [words indistinct] local elections at the end of this year, 47 percent polled say that the image of individual candidates, not the candidates party affiliation, will count when they cast their votes, 27 percent say they will vote for Kuomintang and 10 percent for the Democratic Progressive Party.

Colombia Opens Trade Office in Taipei

OW0805122193 Taipei CNA in English 0853 GMT 8 May 93

[Text] Taipei, May 8 (CNA)—Colombia opened a trade office in Taipei Friday [7 May], making it the fifth Latin American country to have set up an office in Taiwan.

Luis Guillermo Plata, director of the trade office said his country used to focus its external trade with the United States and Europe, is hoping to tap the booming Asian markets when asked to comment on the goal of the move. He is particularly confident of the prospects of trade ties between Taiwan and Colombia as their economies are complementary in nature. "Taiwan has a lot of technology but no materials. Colombia has a lot of materials but no technology. We have a great possibility for cooperation."

The South American country currently has only two trade offices in Asia, with the other one in Tokyo.

Plata urged local businesses to look beyond the barriers that might have deterred them from investing in Colombia. For one thing, he said, the United States has granted duty-free status to imports from Colombia. Besides, half of Colombia's exports to Europe are also entitled to the same preferential status.

The newly-opened office is scheduled to publish a book in the next few months to introduce Taiwan to Colombians and will hold seminars to foster local people's understanding of Colombia. The office also plans to organize local businessmen to visit Colombia.

Argentina, Brazil, Chile and Bolivia have opened trade offices in Taipei.

South Africa To Continue Port Operations

OW1005090493 Taipei CNA in English 0742 GMT 10 May 93

[Text] Kaohsiung, Southern Taiwan, May 10 (CNA)—South Africa will this year allow 30 fishing boats from Taiwan to use the nation's port facilities, the Kaohsiung city government reported last Saturday [8 May].

The announcement has relieved concerns by local fishermen over rumors that the African country would prohibit foreign fishing vessels from operating in its territorial waters starting this year. The 30 approved boats are all tuna fishing vessels.

Taiwan has had cooperative fishing ties with South Africa for many years. Cape Town, on the southern tip of the African continent, is one of the major overseas supply bases for Taiwan fishing vessels operating on the high seas.

Government Reiterates Commitment to Whaling Ban

OW0805124293 Taipei CNA in English 0820 GMT 8 May 93

[Text] Taipei, May 8 (CNA)—A Council of Agriculture (COA) official Saturday [8 May] morning categorically denied reports which hinted that the Republic of China (ROC), though it banned whaling 12 years ago, might have failed to honor its commitment.

"The report is not factual. The nation has committed to the comprehensive ban and will continue to do so," said Li Chien-chuan, director of COA's Fisheries Department.

The Environmental Investigation Agency (EIA), a privately funded British conservation organization, recently charged that Taiwan had illegally sold 844 metric tons of whale meat to Japan in the past decade.

The ROC banned whaling in July 1981 to comply with the international conservation trend even though Taipei is not a member of the International Whale Committee.

EIA claimed that the seizure of the illegal imports of whale meat to Japan had convinced it that the ban has not been strictly enforced by the ROC Government.

Since 1981, a total of 318 metric tons of frozen whale meat under a special license have been shipped to Japan, where people traditionally have had a taste for whale meat, Li noted. He did stress that all of the whale meat were inventoried before the ban took effect.

Labor Shortage Hits Manufacturing Industries

*OW0805121993 Taipei CNA in English 0827 GMT
8 May 93*

[Text] Taipei, May 8 (CNA)—Of manufacturing industries, especially manufacturers of electrical appliances, textiles and metal products, are short of workers and recruitment has not been easy.

The Council of Labor Affairs under the cabinet reports that 73 percent of the 5,452 manufacturers in the 56 industrial zones in Taiwan [words indistinct] labor shortage problems. Manufacturers need an estimated 43,000 more workers, representing 8.8 percent of the total labor force of the 56 industrial zones.

While recruiting workers domestically has become an ever more difficult task, many companies have sought to employ foreign workers. So far, the government has issued permission to more than 2,000 companies to employ 8,000 foreign workers.

President Commissions 1st Indigenous Frigate

*OW0705180193 Taipei CNA in English 1539 GMT
7 May 93*

[Text] Kaohsiung, Southern Taiwan, May 7 (CNA)—The Republic of China [ROC] Friday [7 May] added a new generation warship to its navy by commissioning the first Parris-class frigate built by the country.

President Li Teng-hui personally presided over the delivery of the warship to the navy from its builder, the China Shipbuilding Corp (CSBC).

The president declared the commission of the advanced warship, dubbed the "Cheng Kung," to the navy.

The "Cheng Kung" is one of eight Parris-class frigates being built by the state-run shipbuilder under the "Kuang Hua No. 1 Warship Building Program" to modernize the ROC Navy.

The frigate, at an estimated cost of NT [New Taiwan] \$12.5 billion (US\$500 million), measures 147 meters in length and 14 meters in width with a displacement of 4,300 tons.

The ship is equipped with missiles, gatling guns, interference rockets, torpedoes, anti-submarine helicopters and advanced radar and sonar systems, enabling it to detect and attack enemies in air, above water and undersea.

It took 10 years for CSBC to construct the "Cheng Kung" warship. Construction and delivery of the remaining seven frigates are expected to be completed in the next six years.

After inspecting the equipment and weapon systems on board the ship, President Li said the warship is another "remarkable achievement" of the armed forces after the successful development of the "Ching Kuo" indigenous defense fighters (IDF).

He said he believes the new frigates are capable of safeguarding the Taiwan Straits.

Saying the successful construction of the frigate also signifies a big step forward in the shipbuilding technology of the nation, the president urged more efforts in research and development so as to enhance local shipbuilders' competitiveness and to promote the development of the nation's industry as a whole.

Hong Kong

TA KUNG PAO on Patten's U.S. Visit

Media Pays Little Attention

HK0905020593 Hong Kong TA KUNG PAO in Chinese
8 May 93 p 2

["Letter From U.S." by Jen Chien-kuo (0117 1696 0948):
"Chris Patten Knows Very Well How He Has Been
Received During His U.S. Visit"]

[Text] It would not be inappropriate to describe Hong
Kong Governor Chris Patten's U.S. visit as "a duck
swimming in the river knows the water temperature."

The U.S. visit by Patten, who had immersed himself in
British politics for many years before he became Hong
Kong governor, of course, was not entirely for trade
purposes as he claimed. In fact, while he was in the United
States, he mentioned several times that China's XINHUA
NEWS AGENCY had censured him on the issue of Hong
Kong's constitutional system. When speaking at a luncheon
hosted by the U.S.-Chinese Relations Committee on
6 May, he quoted the wording of some press agencies that
had criticized him; so much so that Peter Jennings, anchor
of American Broadcasting Company's "World News
Tonight" hosting the luncheon, said teasingly: "Now you
can see that statesmen do remember everything bad said
about them." However, those among the audience who
had a sober head were aware that Patten had already used
this trick at another speech in Washington. Truthfully, is it
the act of a statesman or a politician to keep soliciting
sympathy and proving oneself a "hero" by quoting others'
criticisms and censure?

Some say that Chris Patten did not hit his "luck" in his
U.S. trip and it was bad timing. In early May, with the
changes in the Balkan situation, the White House and the
Congress were devoting their attention to whether or not
they should resort to force of arms in Serbia. The secretary
of state canceled his meeting with Patten and went to
Europe. Leading media naturally went all out to cover the
fighting among the Serbs, Croats, and Muslims in the
Balkan peninsula and did not seem to have any interest in
Patten's visit. Even the 30-minute meeting between Patten
and President Clinton in the White House on 4 May
turned out to be a low-key event. THE NEW YORK
TIMES, one of the most authoritative U.S. papers, made
no mention of the meeting at all the next day. CNN's
coverage of this story on the same day was even more
outrageous [jue 4815; highly colloquial, used gleefully]:
While the picture showed Clinton meeting with Chris
Patten, the story was all about how the Clinton adminis-
tration was energetically advocating military intervention
in the Balkan peninsula to European allies.

Others say that the media paying no attention to Patten's
U.S. visit was a result of the fact that the White House has
not come to a definite China policy up to this day. Clinton,
who became the host of the White House by flying the
banner of reinvigorating the domestic economy, naturally

gives top priority to managing the domestic economy well.
But things have gone contrary to his wishes. Domestic
troubles have come one after another, and a string of
emergencies have happened around the world, leaving the
Clinton administration, always considered lacking in diplo-
matic experience, at a loss. As to the China policy, just as
an American journalist said, Clinton really does not know
what to do. Under such circumstances, the Clinton adminis-
tration naturally could only treat Patten's visit the way
they did. Chris Patten, in his speech, said that he feels the
new U.S. Government is blueprinting a new China policy
and that the new policy is set to be different from the
policy during the Bush era.

Policy 'Serious Challenge'

HK0905072193 Hong Kong TA KUNG PAO in Chinese
9 May 1993 p 2

[Article by staff observer: "Serious Challenge to China's
Sovereignty"]

[Text] When Chris Patten promoted his institutional
reform package before the U.S. public the day before
yesterday, he openly advocated the "three-legged stool,"
saying that a "three-legged stool" was better than a "two-
legged stool," because the latter would upset itself. People
from various circles in Hong Kong are unhappy about
Chris Patten's inferior performance.

Did not Chris Patten say that his trip to the United States
was to talk about trade and to persuade the Clinton
administration to unconditionally extend the most favored
nation status to China? Patten has betrayed himself with
his own words and actions. It seems that Chris Patten has
spared no efforts to promote his "three-legged stool"
concept, while begging for international support. In Wash-
ington, he advocated that "Hong Kong is a tremendous
international asset." The implication is that as Hong Kong
is an "international asset," and "tremendous" at that,
Hong Kong should be "shared" and be "under the condo-
minium" of the international community. He was all the
more explicit when he was in New York, clamoring that
Hong Kong should become a third "leg" that would play a
part equivalent to China and Britain, the two sovereign
states, and even threatened that "a 'three-legged stool' is
better than a 'two-legged stool.'" Was it not brazenly
instigating the separation of Hong Kong from China and
turning Hong Kong into an independent political body?

It has been 10 months since Chris Patten arrived in Hong
Kong, and he has all along been playing the trick of the
"three-legged stool," only, at first, he used to wear a fig leaf
doing that, such as "fighting for Hong Kong residents'
democracy," and "fighting for Hong Kong residents' inter-
ests," which were all his pretexts in playing the "three-
legged stool" trick. Sometimes, he would not speak his
mind, but rely on others to act as his mouthpiece. Not long
ago, Chris Patten went to Brussels, where the EC head-
quarters is located, to seek EC support; the European
Parliament chairman said that "Hong Kong" was a "coun-
try" with "a self-determination framework." Later, the
chairman was ridiculed for being "ignorant" and "talking

irresponsibly." In fact, he had been wronged; it was simply through his mouth that what was in Chris Patten's mind was spoken. But this time when Chris Patten went to the United States, he did away with the fig leaf and others' mouths, and gave a naked performance with his "three-legged stool."

Now we can see with increasingly greater visibility that the trick of the "three-legged stool," the attempt to make Hong Kong an independent "leg" is the crucial point in Chris Patten's promotion of his institutional reform package and British "moral responsibility" for Hong Kong. Should Chris Patten cling on to his erroneous concept of the "three-legged stool," Sino-British consultations and cooperation will never be normally carried out, and there would never be peace in Hong Kong.

At present, when Sino-British representatives are holding talks on the basis of the Sino-British joint declaration, the principle of converging with the Basic Law, and the agreements and understanding reached between the two sides, it was out of ulterior motive that Chris Patten should have gone to the United States to spread the fallacy of the "three-legged stool" in a big way. The truth is that Chris Patten's interference has resulted in the dim prospects of Sino-British talks, but he played up the talks in the United States, saying that "both the Chinese and British sides have shown respect for principle in discussing the institutional issue; it is believed that satisfactory results will eventually be scored" in an attempt to create a false impression to deceive the masses. Should the talks be jeopardized by the British side, he would put the blame on the Chinese side.

The essential point in the Sino-British Joint Declaration, the principle of converging with the Basic Law, the agreements and understanding reached between China and Britain is the return of Hong Kong's sovereignty and stable transition, and there will never be a place for the "three-legged stool," which is the opposite of the "three conformities." The fact that Chris Patten is advocating the "three-legged stool" basically negates the principle of the "three conformities" and is a serious challenge to China's sovereignty. It was a sheer lie when Chris Patten said that the British side also "shows respect for principle in discussing the institutional issue." We may put it that since China and Britain resumed talks and contacts, Chris Patten has never for a day stop his peddling of the "three-legged stool," there were only various expressions at different stages. At first, he was capitalizing on the "basis for talks," in an attempt to make his institutional reform package that aims to turn Hong Kong into a semi-independent political body as the basis for talks. When this failed, he thought of another trick, bargaining on the status of the members participating in the talks, while demanding the participation of Hong Kong officials in the talks on an equal footing with the Chinese and British representatives, with the aim of creating an impression in the world that Hong Kong was another political body in the talks. When that failed again, he tried to gain something on the issue of the "agreement of the talks," saying that the agreement reached through the talks should

be acceptable to China and Britain, as well as Hong Kong residents, the expression, "being acceptable to Hong Kong residents" seems to be showing great respect to Hong Kong residents, but in actual fact, the Legislative Council [Legco] would act on behalf of Hong Kong residents, and the agreement would be submitted to the Legco for its deliberation and approval; this way, the Legco would eventually stand above the Chinese and British Governments, and become a "leg" that would restrict and get rid of China.

In another four years, Hong Kong will return to China, that is a historical inevitability that accords with people's will while being independent of people's will. The reason Chris Patten has insisted on playing the "three-legged stool" trick lies in his erroneous estimation of the situation, underestimating China's determination to safeguard its sovereignty and ability to realize prosperity and stability in Hong Kong and its stable transition. We would advise Chris Patten to open his eyes wide and take a good look at the world and China, and stops playing a mantis trying to stop a chariot with its feelers and ridiculously overrating himself.

PLA Reportedly Investing in Hong Kong Land

HK0805022093 Hong Kong THE STANDARD in English 8 May 93 p 1

[Article by Peta Firth]

[Text] The People's Liberation Army's [PLA] corporate arm is establishing itself in Hong Kong and preparing to enter the property market via a network of front companies.

Firms owned by the PLA are scouting for Western partners to provide technical expertise and finance for commercial ventures and property development.

Wang Jing, managing director of Xinxing Hong Kong, which is owned by the PLA, said the firm hoped to begin property development here within two years. Xinxing, which has offices in China Building in Central, is seeking partners and investment opportunities. "We set up office in Hong Kong last October, so it is too early to speak about specific projects. We hope to have some by the end of the year," she said. "We have no plans to buy buildings in Hong Kong, but we intend to build our own in a couple of years."

Wang said there was nothing sinister in setting up office four years before sovereignty reverted to China and the PLA moved into the territory's garrisons. "We are not interested in developing military land," she said. But David Faulkner, a partner at international property consultants Brooke Hillier Parker, was convinced that China wanted to develop military land commercially. That was why the mainland was pushing so hard for it, he said. "The individual services in the Chinese armed forces all have their own property development companies. It is difficult to track them down because they often invest through third parties, except for the high-profile ones like Xinxing."

Nick Moakes, an investment analyst at SG Warburg Securities, said the PLA already had established joint commercial ventures with overseas partners in China. The army was under pressure to finance itself. "There is nothing strange about this. The PLA has been busy converting military interests into civilian ones." "The PLA controls a large slice of the Chinese economy and has thousands of companies. It is inevitable there will be more joint ventures."

Wang, meanwhile, confirmed that Xinxing was looking for partners—in Hong Kong and overseas. Partners will be asked to help modernise Xinxing's factories in Shanghai and Beijing. Then they will be included in property development in Hong Kong. "We want Western partners with technical expertise. We need investment and high-tech skills for our light engineering factories," she said. Wang did not identify the companies but Xinxing has several electronics factories in China. She urged interested Western companies to contact her as soon as possible.

A Government Land Agency spokesman said he was unaware of any plans the PLA had to become involved in property development.

NPC Vice Chairman on Preliminary Work Organ

HK0705133093 Hong Kong WEN WEI PO in Chinese 7 May 93 p 15

[Dispatch from Beijing by trainee reporter Li Hsiao-ping (2621 4562 0393): "Wang Hanbin, National People's Congress Vice Chairman, Says Hong Kong People Will Account for a Proportion of the Makeup of the Preliminary Work Organ for the Hong Kong Special Administrative Region Preparatory Committee"]

[Text] Wang Hanbin, National People's Congress [NPC] Standing Committee vice chairman, said today that the preliminary work organ for the preparatory committee of the Hong Kong Special Administrative Region [SAR], whose establishment was approved by the Eighth NPC, will consist of a proportion of Hong Kong people and that the Chinese side will extensively solicit views from Hong Kong people regarding the organization of this organ.

Today, Wan Hanbin met with the Association of Democracy and People's Livelihood [ADPL] delegation, headed by its chairman, Frederick Fung Kin-kee, in the Fujian Hall of the Great Hall of the People. When the guests suggested that the preliminary work organ for the preparatory committee should have the participation of Hong Kong people, Wang Hanbin showed approval, saying that the Chinese side would fully consider the views of Hong Kong people and will also pay good attention to the constituent proportion and identity of Hong Kong people in this organ. He personally maintained that 50 percent of this organ should be Hong Kong people.

ADPL representatives suggested that the SAR's deputies to the NPC after 1997 should be elected. Wang Hanbin replied that future SAR deputies to the NPC will surely be produced through election in the SAR, but that the specific method has to be studied and discussed with Hong Kong people.

The ADPL maintained that as Hong Kong and the mainland are having increasingly closer ties, Hong Kong people encounter many problems on the mainland and do not know where to make their complaints to, and therefore hope that a complaints department will be set up to specifically handle the difficulties Hong Kong people may encounter on the mainland. Wang Hanbin said if the ADPL could put forward specific procedures and methods, the NPC will study them in accordance with relevant laws. In addition, he said that the ADPL's suggestion regarding the establishment of a "Preparatory Committee of the Basic Law Committee" to collect views from Hong Kong people can be considered.

Wang Qiren, deputy director of the State Council Hong Kong and Macao Affairs Office, and Wang Fengchao, director of the Second Department, also participated in the meeting.

Controls Stepped Up on 'Back-Door' Listings

HK0805031093 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English 8 May 93 p 1

[Article by Ivan Tong and Kent Chen]

[Text] China has moved to tighten its control of back-door listings by mainland enterprises, ruling that its securities chiefs must approve plans to inject mainland assets into Hong Kong shell companies.

The acquisition of listed Hong Kong companies, and the injection of assets into them, has become an increasingly popular short-cut for mainland enterprises seeking a Hong Kong listing.

The trend, which has raised concerns on both side of the border, has increased the volatility of second- and third-line Hong Kong stocks, as investors try to guess which company will become the next mainland takeover target.

Now China's policy-making Securities Commission has issued a circular to provincial authorities clarifying Beijing's policy on both direct and indirect listings overseas.

The mere acquisition of a Hong Kong-listed company would not need the approval of the commission.

But Mr Gao Xiqing, director of public offering under the China Securities Regulatory Commission, the enforcement organ of the Securities Commission, said planned indirect listings of mainland assets would need such approval.

Tung Wing Steel, backed by China's Shougang Corp, is currently talking to the Hong Kong stock exchange about a planned rights issue that would finance the injection of assets by its parent.

Mr Gao declined to say whether the Chinese authorities had yet received any assets injection proposals from mainland enterprises.

The Securities Commission issued a paper early this year requiring all mainland companies considering director overseas listings to obtain its approval. This appears to have had an effect: No such approval has been granted since that time.

However, Hong Kong financial experts say more stringent measures are needed to check the current tide of back-door listings. Smith New Court director Norman Li said the increased volatility in the share prices of target companies would undermine protection of investors. "Small investors are now chasing China-concept stocks when they have little idea of what they are. It is all high-risk gambling," he said. Mr Li said the stock exchange should issue guidelines covering back-door listings and asset injection plans.

Arthur Andersen partner Meocre Li said mainland authorities should also take responsibility for the regulation of such activities by China-based enterprises. He expected the mainland authorities to take firm action in the future to control companies buying shells in Hong Kong.

However, Mr Gao said: "The acquisition of overseas listed companies by mainland enterprises is outside our jurisdiction. How the Chinese enterprises spend their money outside the country is none of our business. Enterprises only needed approval for acquisitions from government departments such as the Ministry of Foreign Trade and Economic Co-operation or the State Foreign Exchange Control Administration. But when these enterprises try to list their mainland properties on overseas stock markets, they have to get approval."

However, he added: "There is no direct relationship between acquisition and back-door listing. So far we have not found this problem."

Mr Gao said that while the Securities Commission would make the final decision on applications, the China Securities Regulatory Commission would also scrutinise them and make recommendations.

Recent shell acquisitions include those of Conic Investment by China Aero-space Industrial Corp, Seabase Holdings by China National Cereals, Oils and Foodstuffs Import and Export Corp, and Paragon by China National Petroleum Corp.

Paragon's share price rose 181.6 percent to 40 cents per share in intra-day trading yesterday.

Anticorruption Force To Train PRC Officials

HK1005043893 Hong Kong SOUTH CHINA
MORNING POST in English 10 May 93 p 5

[By Beryl Cook]

[Text] More than 1,000 mainland businessmen and 10 Chinese Government officials are scheduled to come to Hong Kong for Independent Commission Against Corruption (ICAC) training this year.

The ICAC has also commissioned an academic research project after Hong Kong businessmen expressed concern about differences between the anti-bribery legal systems in Hong Kong and China.

Both the ICAC and mainland officials have declined to confirm whether the attachments are a call for help from China, but Chinese authorities have admitted concern about mainland corruption.

A New China News Agency [XINHUA] spokesman said: "The Government has done a lot of work on the problem and a committee has been set up to deal with the problem."

An ICAC spokesman said the visits were a response to requests through Hong Kong business, academics and legal firms but would not confirm direct government involvement.

A managing consultant for Political and Economic Risk Consultancy, Mr Ron Stidmon, said the attachments showed both places were addressing the problem.

Mr Stidmon has just rated China the number one business risk in Asia because of bribery, corruption and instability.

"The money is pouring in and it is unbelievable the number of people clawing over each other trying to get into China and Vietnam," he said.

"But with a boom and a transition from a controlled economy to capitalism you have the biggest risks of corruption. The rules of the game keep changing day to day, and the things that brought you business and prestige and power change."

An ICAC spokesman said about 1,000 mainland businessmen and officials would attend 60 short-term training programmes in Hong Kong this year.

They would learn about the ICAC, local laws and possibly prevention methods.

About 10 officials from the Guangdong People's Provincial Procurate and the Hainan Supervision Bureau would also serve brief attachments with the ICAC's community relations and corruption prevention departments.

The biggest case of corruption since the Communist Party came to power in 1949 came to light in Haikou, the capital of Hainan, this January when four men were arrested and charged with misappropriation of almost \$35 million.

An ICAC spokesman said the academic study would provide an objective assessment of problems Hong Kong businessmen faced in China.

About 150 questionnaires would be sent to Hong Kong companies which had their production base in China.

Hong Kong General Chamber of Commerce assistant director Dr Cheung Yiu-sing said the ICAC initiatives could "establish an acceptable code for doing business".

END OF

FICHE

DATE FILMED

11 May 1993

